

REPORT

2000

Part II : Activities and
Annual Accounts

National Bank
of Belgium





FOREWORD

*by Guy Quaden,
Governor*

Following the successful introduction of the cashless euro at the beginning of 1999, the changeover to euro notes and coins at the beginning of 2002 is the Bank's main short-term objective. This is a historic event which will make the single currency tangible to a population in excess of 300 million. Producing the euro notes and coins, putting them into circulation and withdrawing the franc notes and coins present an enormous logistical challenge. The Bank is working jointly with a large number of partners in making meticulous preparations for this operation.

The scale of this task did not prevent the Bank from initiating, in 2000, an extensive debate on its medium-term strategic positioning. This debate was launched in the course of the events to mark the Bank's 150th anniversary. On that occasion the current management wished not only to highlight the Institution's past, but also to make active preparations for its future.

The environment in which the Bank operates has probably never before undergone such rapid and fundamental change. Most of the activities, be they linked to monetary policy or to the many other tasks which the Institution takes on in the general interest, are today being influenced both by the entry into effect of European Monetary Union and by the spread of the new information and communication technologies, as well as by the concentration taking place in the commercial financial sector.

Excellence has always been at the heart of the enterprise culture. That insistence on quality must continue, but efficiency of service also demands greater attention. Cost control has become even more pressing. In contrast to the past, central banks are now living in a competitive environment. Though they still hold a monopoly over the issuance of banknotes, those notes are steadily losing their monopoly as a means of payment. Moreover, the group formed by the Eurosystem makes it possible to "benchmark" performance and encourages a process of emulation among the various participating central banks.

The debate initiated by the Board of Directors, in which the Institution's managerial and supervisory staff immediately joined, gradually followed by all employees in general, focused on four main points : the basic strategic options for positioning the Bank among the best central banks, the conditions and resources required to give the Bank a strong, positive image, the introduction of tighter cost control and the promotion of dynamic, motivating human resources management.

Overall, it will probably be necessary to specialise further, perhaps to give up certain activities, and certainly to adjust the scale of others such as the network of agencies : that process has already begun.

New areas of activity, meeting new needs, will also open up for the Bank. I shall give two examples.

In 2000, to prevent excess indebtedness, the Government approved the principle of establishing a "positive" central credit office, recording all household debts. Given its commercial neutrality and the competence which it has demonstrated in managing the "negative" central office, which records only instances of default on payments, the Bank seemed ideally suited to taking charge of this new activity.

Moreover, like every central bank, the Bank has long taken an interest in the security and stability of the financial system, but in the Belgian institutional context its operational role has for a long time been very limited in this field. However, as a member of the European System of Central Banks it has been assigned explicit responsibility on this subject. Belgian law also recently made it responsible for the oversight of payment and securities settlement systems, and in 2000 the Minister of Finance announced his intention to increase the Bank's involvement in the supervision of financial institutions, in line with prevailing practice in the euro area.

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So the Bank is 150 years old. It is, of course, impossible for me to say how it will have evolved in 50 years' time. But at the official celebration to mark its 150th anniversary, I ventured to describe what it aims to be by about 2005 :

"By then, the euro will have been in circulation in Belgium and at least eleven other European countries for three years in the form of coins and notes, some of which will have been printed by the Bank. The Bank will continue to watch over the quality of the notes and coins in circulation. There will be fewer branches, but the Bank will maintain its presence in each Belgian province. It will be a loyal, active and appreciated partner in the Eurosystem. It will also have maintained the quality and interest of its research and further increased its relevance. For its service activities, it will endeavour to offer the best in terms of value for money ; it may develop some of its activities with reliable partners. External and internal communication will have to be stepped up. The corporate ethos, centred on the pursuit of excellence, will encourage creativity and initiative more than it does today. In its various areas of activity, the Bank will be able to recruit the best people. The entire population will regard it as an independent, competent and accessible public interest institution which provides substantial added value for the economy and the society."

In 2001, these aims will be reflected in redeployment of the Bank's resources, modification of its structures and modernisation of its procedures.

My colleagues on the Board of Directors and I myself thus wish to lay the foundations for a modernised corporate culture, enabling the Bank fully to meet the challenges it faces at the start of the 21st century.

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LIST OF ABBREVIATIONS

BIS	Bank for International Settlements
CEC	Centre for Exchange and Clearing
CPCB	Centralised Processing of Commercial Bills
ECB	European Central Bank
Ecofin	Council of Ministers for Economic and Financial Affairs of the European Union
ELLIPS	Electronic Large Value Interbank Payment System
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
IMF	International Monetary Fund
NCB	National Central Bank
NEMO	National Employment Office
OLO	Linear bond
PRGF	Poverty Reduction and Growth Facility
SDR	Special Drawing Right
TARGET	Trans-European Automated Real-time Gross Settlement Express Transfer

Activities

I. SIGNIFICANT EVENTS IN 2000

1. PREPARATIONS FOR THE CHANGEOVER TO EURO NOTES AND COINS

1.1. PRINTING OF BANKNOTES AND PREVENTION OF COUNTERFEITING

The Bank's Printing Works began producing the European currency in July 1999. Deliveries of the 530 million banknotes ordered by the Central Cash Office are on schedule.

The European System of Central Banks, with the active participation of the Bank, is setting up instruments to ensure effective control of counterfeiting. Those instruments include a central register of counterfeit euro notes and coins. Forged banknotes and coins discovered in any European country will be sent without delay to the national analysis centre (in Belgium, the Royal Mint for coins and the Bank for notes), which will submit them to technical examination, classify them and record them.

This facility will be made available to the police and judicial authorities concerned to ensure that they have full, up-to-date information and can take effective action to combat forgery. The authorities will also be able to rely on the technical support of the Bank's specialist departments.

1.2. GENERAL CO-ORDINATION OF PREPARATIONS BY THE BANK

The preparations for replacing the Belgian franc with the euro have major implications for a number of the Bank's departments and services. For several years now, the entities concerned have been working on preparations for the changeover.

During the period when the euro is introduced, the service provided for the public and for credit institutions will be adapted to these exceptional circumstances, mainly as regards opening hours and presentation (in terms of the volume and selection of notes and coins). This concerns the supply of euro notes and coins for 1 January 2002, the withdrawal of Belgian franc banknotes paid in by credit institutions, and exchanges requested by the general public. These services will be provided at the head office and in Antwerp, Arlon, Bruges, Charleroi, Ghent, Hasselt, Kortrijk, Leuven, Liège, Mons and Namur. Credit institutions will also be able to take large volumes of Belgian currency to a central depot which will be run jointly by the Bank and the Belgian Royal Mint.

The offices will be open for business at the following times :

- **public**
 - currently : from 9 a.m. tot 1 p.m.¹
 - from 15 October 2001 to 31 December 2001 : 9 a.m. to 3 p.m.
 - from 2 January 2002 to 28 February 2002 (this period may be extended if necessary) : from 8.30 a.m. to 4.30 p.m. (until 7 p.m. on 2 January and on Thursdays).
- **businesses**
 - currently : 8 a.m. to 5 p.m.
 - from 1 September 2001 to 31 December 2001 (advance supply period) : from 7 a.m. to 5 p.m.
 - from 2 January 2002 to 28 February 2002 (this period may be extended if necessary) : from 7 a.m. to 6 p.m. (or by arrangement up to 8 p.m.).

¹ 9 a.m. tot 3 p.m. in Brussels, Antwerp and Liège.

Similarly, the Printing Works' production and delivery planning has been adapted to the needs of the Central Cash Office and the provincial offices. These needs were evaluated on the basis of agreements concluded with credit institutions and traders. Those agreements also define the special form of presentation which will be used at the time of the changeover. Thus, the Bank will prepare 65 million banknotes, packaging them in the form of bundles of 25 notes for the 5, 10 and 20 euro denominations, in order to help credit institutions and the Post Office to meet the needs of traders. In addition, seven types of standard pack will be produced. They will contain various combinations of the different types of notes. A practical form of presentation has also been designed for coin cartridges, in collaboration with the Belgian Royal Mint: they will be combined in a "starter kit" intended for credit institutions, the Post Office and traders. This will be available, in addition to the usual packs, when the euro is introduced. It will have a total value of 240 euros and will contain at least one cartridge of each type of coin. In addition, 700,000 starter kits will be distributed. From September 2001, credit institutions and the Post Office will start receiving supplies of coins and notes packaged in these various ways.

Furthermore, from 1 December 2001 credit institutions will be able to allow those of their customers who belong to an economic sector in contact with the public to obtain supplies of euro coins and notes, by special arrangement. However, there will be a strict ban on their use for payment purposes before 1 January 2002.

To enable the majority of cash transactions to be effected in euro by the first fortnight in January 2002, the Bank will also provide the public with five million "mini-kits" produced by the Belgian Royal Mint. The public will begin to receive advance supplies in this form from 15 December 2001. These mini-kits contain loose coins comprising at least two of each type of euro coin, for a total value of 12.40 euros

(or BEF 500). The public will be encouraged to use these coins from 1 January 2002 to make it easier for traders to provide change in euro.

Finally, to facilitate the withdrawal of franc coins, the public will be asked to exchange between 15 October and 15 November 2001 any coins which they have saved up ("operation piggy-bank"). This should reduce the logistical problems at the start of 2002. According to predictions, the majority of the notes in circulation at the end of 2001 (around 366 million) should already have returned to the Bank after two months. It was therefore decided to increase the note sorting and cancellation capacity by over 25 p.c. This measure, the extension of business hours and the temporary increase in staff allocated to these activities, will enable the Bank to perform its task, whatever the speed at which Belgian banknotes are returned after 1 January 2002.

1.3. ROLE OF THE GENERAL COMMISSION FOR THE EURO

Set up in November 1996 to encourage and co-ordinate the preparations for the introduction of the euro in Belgium, the General Commission for the Euro continued its activities in 2000 through working groups established for general Government (ADMI EURO), the financial sector (FIN EURO), non-financial enterprises and consumers (ECO EURO) and communication (COM EURO COM) respectively.

The General Commission for the Euro is directed by Mr Smets, General Commissioner for the Euro and Director of the Bank, and by Mr Bertholomé, Assisting General Commissioner for the Euro and the Bank's Monetary Circulation Co-ordinator. As in previous years, the staff and logistical resources necessary for its operation were made available by the Bank.

In May 1999 the ADMI EURO group published an *Update of the Guidelines of July 1997 for*

the final transition stage of public departments to the euro. In June 1999 it supplemented them by the *Guidelines for the social sector for the transition to the euro* and in May 2000 by the *Guidelines for the final transition stage to the euro by local authorities.* The Government authorities continued to implement the necessary modifications on that basis. The main changes are in the areas of IT and the issuing of instructions. In order to guarantee legal security, two laws relating to the introduction of the euro into legislation and a law on the decimalization necessary for introduction of the euro into public sector computer software were adopted. These laws were published in the *Moniteur belge / Belgisch Staatblad* of 29 July 2000. On that basis, 24 implementing royal decrees were published on 30 August, notably to replace, in the regulations, certain round figures in Belgian francs by amounts rounded off in euro. These provisions mainly concern relatively stable amounts such as those in the income tax code. Other royal decrees relating to amounts liable to change more often (e.g. concerning excise duties and eco taxes) have yet to be adopted.

Following the successful introduction of the cashless euro, the activities of the FIN EURO group mainly concerned the entry into circulation of euro coins and banknotes on 1 January 2002.

The FIN EURO sub-group "Coins and Banknotes" comprises all parties concerned, both in the financial sector (the Bank, credit institutions, the Post Office, the Royal Mint, etc.) and outside (public authorities, enterprises, small firms and traders, distributors, security firms, vending machine manufacturers, consumers, etc.). It drew up a new provisional version of the *Belgian scenario for the changeover to euro cash*, which was presented to the Council of Ministers on 11 February 2000. The Council examined the scenario envisaged and invited the General Commission for the Euro to continue this work. Belgium was thus the first country, with

France, to publish such a detailed scheme. Subsequently, the general outline of the February scenario was confirmed and a number of essential questions were resolved so that the *Final scenario for the introduction of euro banknotes and coins* could be submitted for the Government's approval at the beginning of 2001.

The FIN EURO group also established a *General scenario for an early switch to the euro*, which was approved by the Government on 10 November 2000. This scenario contains a series of measures intended to encourage use of the euro during the second half of 2001. These recommendations will enable the public to become gradually familiar with the new currency and avoid the problems inherent in a large-scale switch in the final days of 2001. These measures concern important economic entities which have almost daily dealings with the public (credit institutions, enterprises issuing numerous invoices, public authorities) and metrological equipment (petrol pumps, etc.). The FIN EURO recommendations dating from September 1998 were also updated to define the arrangements for ending cashless payments in Belgian francs; these arrangements will take effect on 1 January 2002.

Under the aegis of the Ministry of Economic Affairs, the ECO EURO group continued to co-ordinate the work of the eleven euro transition observatories, set up in 1999. These are observation centres which monitor the introduction of the euro among the population. They are based at the Bank's offices in the main town of each province, and are places where professionals and consumers can meet and exchange information. A general meeting of these observatories was held on 29 June 2000. In December 2000 the Ministry sent out a letter to all business managers and their advisers (accountants, auditors and "social secretariats"¹) to remind them of their obligations and the euro changeover dates which they must adhere to.

¹ Companies taking care of the wage management for other companies.

The information campaigns necessary to ensure a smooth transition to the euro continued in 2000. They will be intensified in the run-up to 2002. The moves initiated by COM EURO COM included updating of the federal authorities' Internet site and the distribution of a leaflet for the general public in December 2000. In addition, anyone wishing to ask a question about the euro can dial the Federal Government's freephone number (0800 1 2002). The Bank and the Commission will continue to play an active part in the design and launch in Belgium of the "Euro 2002" information campaign, initiated by the ESCB. Intended to encourage the acceptance of euro banknotes and coins, this campaign will enable the public and professionals to become familiar with their appearance, the security marks, denominations, issuers and introduction arrangements.

Finally, the General Commission for the Euro held a plenary meeting on 29 November 2000 devoted to *Preparations for the final transition to the euro*. It published its sixth information letter on that occasion.

2. STRATEGIC REPOSITIONING

During the celebration for the Bank's 150th anniversary on 12 May 2000, the governor initiated a debate on the future of the Institution, which led to the definition of a series of strategic options for positioning the Bank among the best central banks, and the conditions and means for giving it a strong, positive image, improving cost control and promoting the dynamic, motivational management of human resources.

For this purpose, four working groups were formed, led by senior staff of the Institution. The Board of Directors then drew its conclusions from the reports submitted to it.

The first report contains the main strategic options adopted for the years 2001 to 2005 and the first measures to be implemented to make the Bank one of the best performing central banks.

The short-term priority strategic objective is to ensure that the changeover runs smoothly as regards producing the banknotes, placing the euro in circulation and withdrawing franc notes and coins. For that purpose, in consultation with the financial community, the Bank will rationalise the cash processing centres and equip them with the most modern machines. The Bank also wishes to continue producing euro banknotes after the changeover, in order to carry on utilising its technical expertise and production capacity.

Moreover, the Bank aims to be always a reliable member of the Eurosystem and to develop its reputation for excellence there, by making a maximum contribution to the smooth operation of the systems, particularly in the preparation and implementation of monetary policy decisions. To that end, it intends to consolidate its economic, monetary and financial analyses and further enhance its knowledge of the Belgian economy. In certain areas, it will become a prime centre of information, particularly by developing its expertise on the business cycle and on the operation of the markets. The execution of monetary policy operations, which is decentralised to a large degree, as it is conducted by the various national central banks of the Eurosystem, the management of foreign reserves, contact with national financial operators and supervision of payment systems are also areas where ever-increasing efficiency is the constant goal.

A third aim is to meet the needs expressed by the authorities and the other economic players by continuing to provide them with a high standard of service. Apart from tasks connected with the implementation of monetary policy, this objective concerns a wide range of services, such as the activity as Government Cashier, the

management of the Securities Regulation Fund, the organisation of the payment and securities settlement systems, the compilation of macro-economic statistics and the collection and analysis of microeconomic information. This area also includes the collection, processing and publication of reference statistics, in order to meet the needs of the national community and effectively fulfil the country's international commitments. The Bank also wishes to reinforce its role and its prominence in the field of financial stability. It has a key function in this field, given its central position in the financial system, its responsibility for the smooth operation of the payment systems and its function as lender of last resort.

It is inconceivable that these aims might be achieved without the support of high-quality logistical services, advice and monitoring. Their attainment also requires an image policy, efficient human resources management and greater cost control; these topics were the subject of the other three reports.

The first of those reports sets out the conditions and resources needed to give the Bank a strong, positive image. The aim is to reinforce the perception of the Bank's legitimacy, identity and appeal, both for its staff and vis-à-vis the outside world. Internal and external communications will be improved and personalised. These activities will be grouped in a new administrative entity whose work will be based on an image survey and a communications audit.

Human resources management must contribute to a dynamic enterprise culture permitting the recruitment, development and motivation of high calibre staff. The report on this subject contains a set of recommendations which aim to make human resources management more flexible and dynamic. The recommendations concern such matters as skills management, recruitment, evaluation, mobility, training, collective bargaining and greater flexibility in a number of procedures. They advocate among others expanding the role

and responsibilities of line managers in the management and evaluation of staff, introducing more flexible recruitment procedures and adapting them to the evolution of the labour market, improving staff mobility, ensuring that the available skills are matched with the jobs to be filled, and placing the emphasis on training for all staff members.

In addition, more efficient management must be accompanied by excellent cost control. Systematic evaluation of the quality and productivity of the activities will first be undertaken on the basis of absolute criteria or by means of a system of benchmarking, i.e. comparison with other national or foreign institutions. The income and costs of each service will also be reported regularly and they will be an important criterion in decisions and choices. For this purpose, the budget procedure will be reformed to permit the apportionment of internal costs per activity and the establishment of long-term budgets per project. Finally, working procedures will become more standardised and decentralised.

3. THE BANK'S 150TH ANNIVERSARY

Founded on 5 May 1850, the National Bank of Belgium celebrated its 150th anniversary in 2000.

The various events which commemorated this anniversary were inaugurated by an international conference entitled "How to promote economic growth in the euro area?". To enrich and stimulate the discussion, the Bank invited many representatives both from the universities and from Belgian and foreign institutions, who contribute through their research to a better understanding of the determinants of growth. This conference presented an opportunity for establishing closer collaboration between the universities and the economists of central banks and international

institutions. In the future, this type of conference will be held periodically.

The 150th anniversary was also the occasion for considering the tasks of the Bank, particularly following the fundamental change represented by the start of Stage 3 of Economic and Monetary Union. This subject was addressed more specifically at the official celebration which ended the conference, featuring talks by Prime Minister Verhofstadt, Mr Duisenberg, president of the European Central Bank, and Mr Quaden, governor of the Bank. This meeting, which was attended by Her Royal Highness Princess Astrid, also touched on the Institution's future in the light of a past intimately linked with the history of the country and that of the construction of Europe.

On the occasion of its 150th anniversary, the Bank decided to target a wider audience with its economic publications, by publishing the *Working Papers*, launched at the beginning of 2000. The various papers presented by speakers at the conference were published in this series.

Other publications, intended to improve the general public's knowledge of the Bank's tasks and activities, were also put in hand. An initial move was the production of a leaflet and a brochure presenting the Bank's role and its services. This subject was also tackled on the Internet site. In addition, a DVD on the same subject and a CD-ROM on the history of banknotes are in preparation.

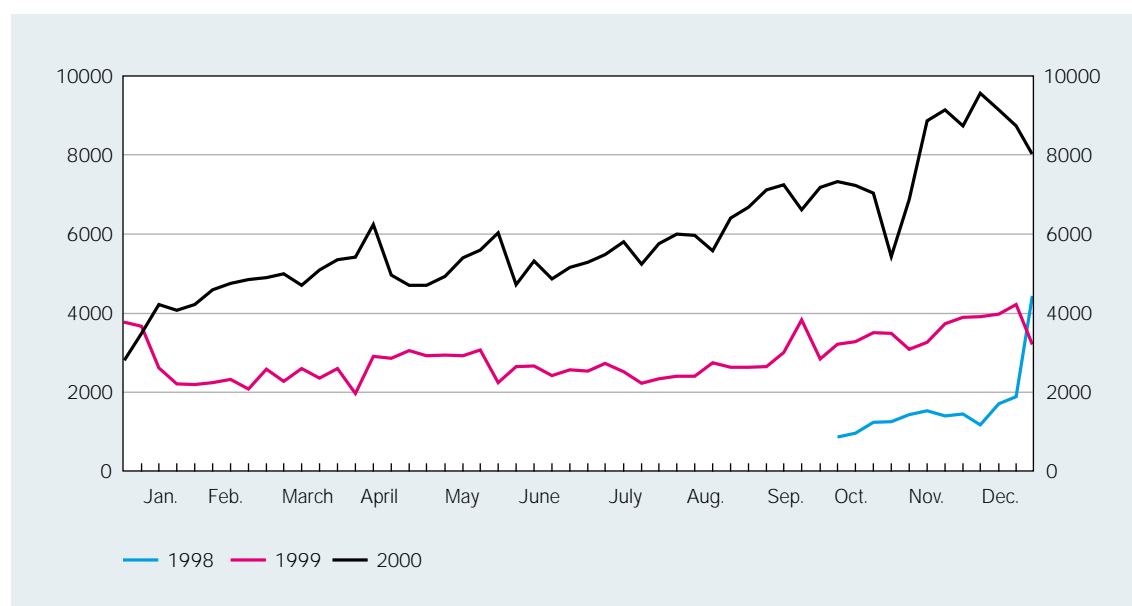
Another highlight of the year was the event and the reception held in September for all the Bank's staff and their partners. Over 3,500 people attended.

4. INTERNET SITE

Requests for information are increasingly being met by electronic publication and circulation. During the past year, the Bank adapted the structure of its Internet site (<http://www.nbb.be>) to improve ease of access and consultation.

CHART 1 – NUMBER OF INTERNET SITE VISITS

(Per week)



This improvement and the additions mentioned below doubtless contributed to the particularly steep rise in the number of visits (averaging 8,000 a week, against 3,000 the previous year).

On the occasion of the Bank's 150th anniversary, the information intended for the general public and students was expanded: new sections are now devoted to the work of the Bank and recruitment opportunities. The conference programme relating to the financial forums in Brussels and the provinces has also been added.

Intended for both the general public and the business community, the section on the euro contains information on preparing for the

changeover to euro notes and coins on 1 January 2002 and on the other work of the General Commission for the Euro. It also offers facilities for asking questions on the single currency and ordering the Commission's publications. In the future, all official information on preparations in Belgium for the introduction of the euro should be grouped together on the Federal Government's euro website.

The statistics section was equipped with a series of facilities enabling credit institutions and enterprises to submit their returns securely via the Internet. The system also automatically alerts users as soon as new data are available, and sends them in electronic form on request.

II. GENERAL REVIEW OF THE BANK'S ACTIVITIES

1. CIRCULATION OF NOTES AND COINS

1.1 BANKNOTE ISSUING POLICY

Production of the last Belgian franc notes in history was completed during the year 2000. The entire banknote production capacity could therefore be allocated to producing the European currency. The volume of banknotes corresponding to Belgium's requirements, 530 million notes in seven denominations, will be ready before the end of 2001.

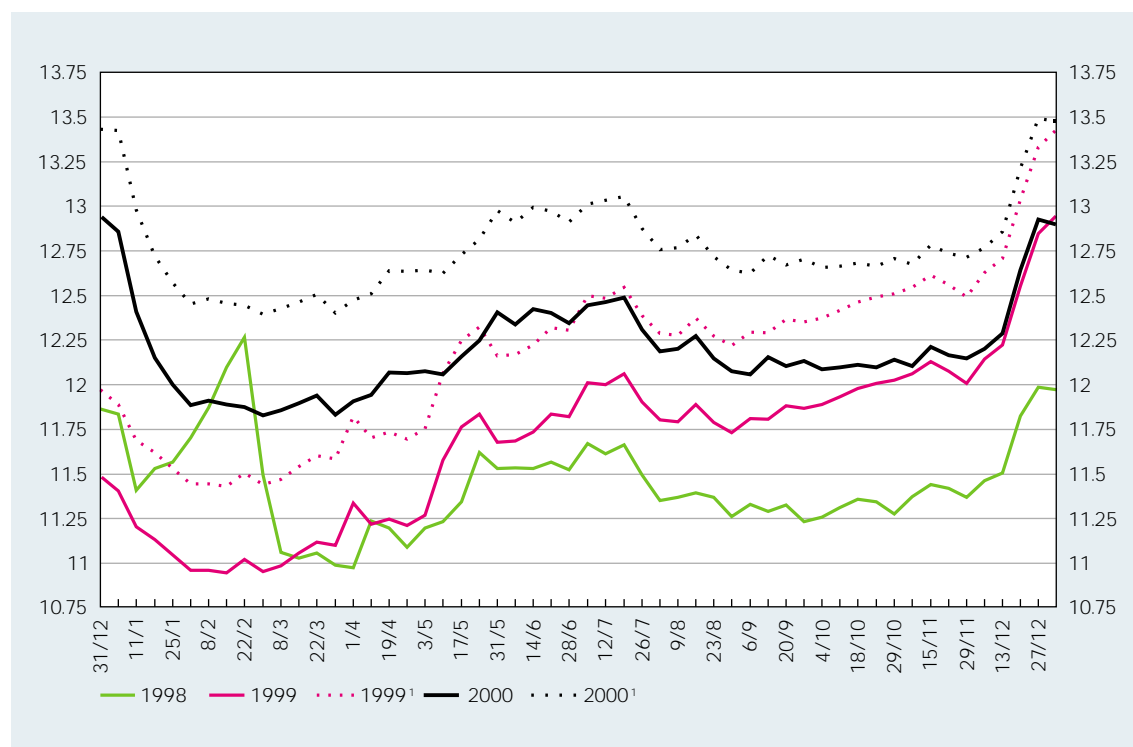
1.2 BANKNOTE CIRCULATION

During 2000, banknote circulation followed its traditional pattern of seasonal variations, increasing in the run-up to the summer holidays and the end of the year, and falling at the beginning of the year and in the autumn. The movements in January and December 2000 were particularly marked, while the fluctuations observed between those two periods were rather moderate, particularly in comparison with those recorded in 1999.

At the end of 2000, the banknotes in circulation totalled 13.5 billion euros, or roughly the

CHART 2 – BANKNOTES IN CIRCULATION

(Weekly total in billions of euro)



¹ Including banknotes in circulation recorded from 1 January 1999 onwards in the balance sheet of the Central Bank of Luxembourg.

GENERAL REVIEW OF THE BANK'S ACTIVITIES

TABLE 1 – BANKNOTES IN CIRCULATION¹

(End of year figures)

	Value in billions of francs		Value in billions of euro	Number in millions of notes	
	1999	2000	2000	1999	2000
10,000 BEF	269.7	274.8	6.8	27.0	27.5
2,000 BEF	166.2	163.2	4.0	83.1	81.6
1,000 BEF	72.7	73.0	1.8	72.7	73.0
500 BEF	16.0	15.7	0.4	32.0	31.4
200 BEF	6.5	6.6	0.2	32.3	33.1
100 BEF	10.7	10.3	0.3	107.4	102.7
Total ²	541.9	543.5	13.5	354.6	349.2

¹ Including the notes in the credit institutions' cash holdings.

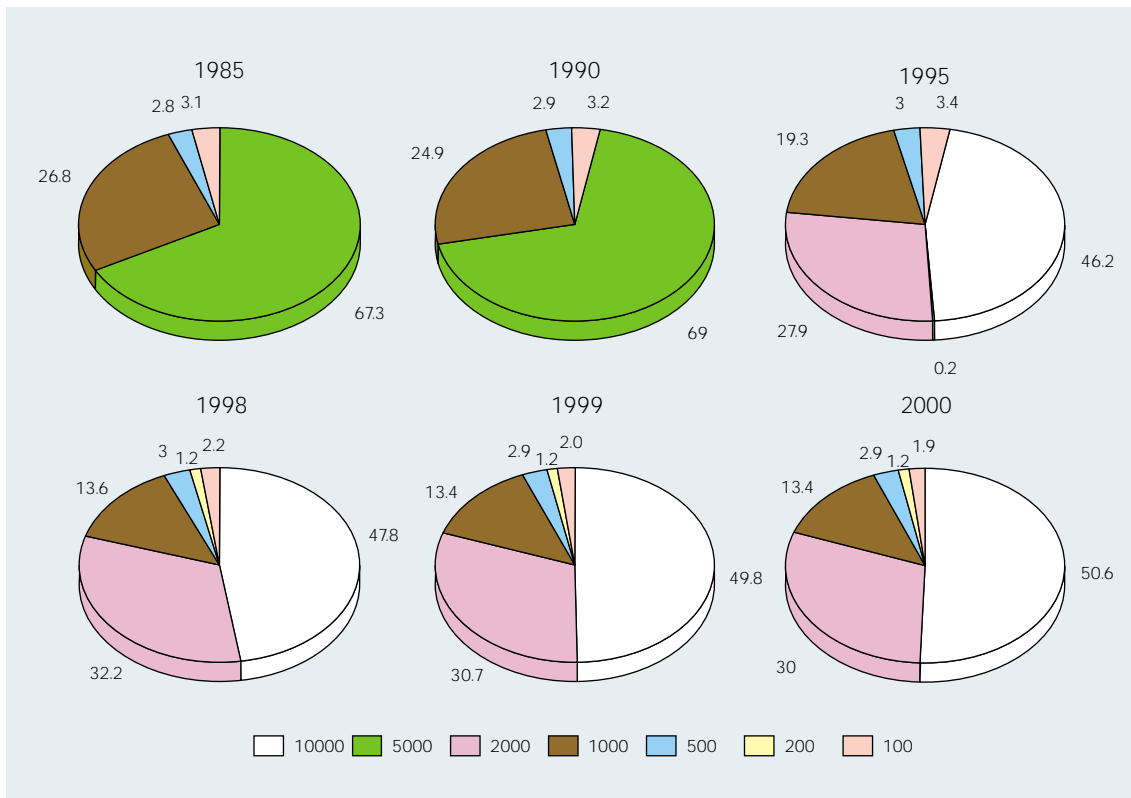
² The totals shown may differ from the sum of the items owing to rounding.

same as a year earlier. However, during 2000 circulation remained at a level noticeably higher

than that of the previous year. Thus, over the year as a whole, the increase in the banknote

CHART 3 – BANKNOTES IN CIRCULATION

(End-of-year figures, percentages of the total amount)



circulation expressed as a daily average came to 5.2 p.c.

The success of the 10,000 Belgian franc denomination was further confirmed in 2000: its share in the total value in circulation exceeded 50 p.c. at the end of the year.

1.3 PAYMENTS AND WITHDRAWALS OF NOTES

During 2000, notes paid in or withdrawn numbered 1.8 billion for the Bank's establishments as a whole, representing an increase of almost 6 p.c. compared to the previous year.

To speed up note payment at its counters and increase the level of security, the Bank has developed a system which includes the optical scanning of bar codes and the automatic exchange of information with credit institutions according to a standard developed with the Belgian Bankers' Association.

1.4 MAINTENANCE OF BANKNOTE CIRCULATION

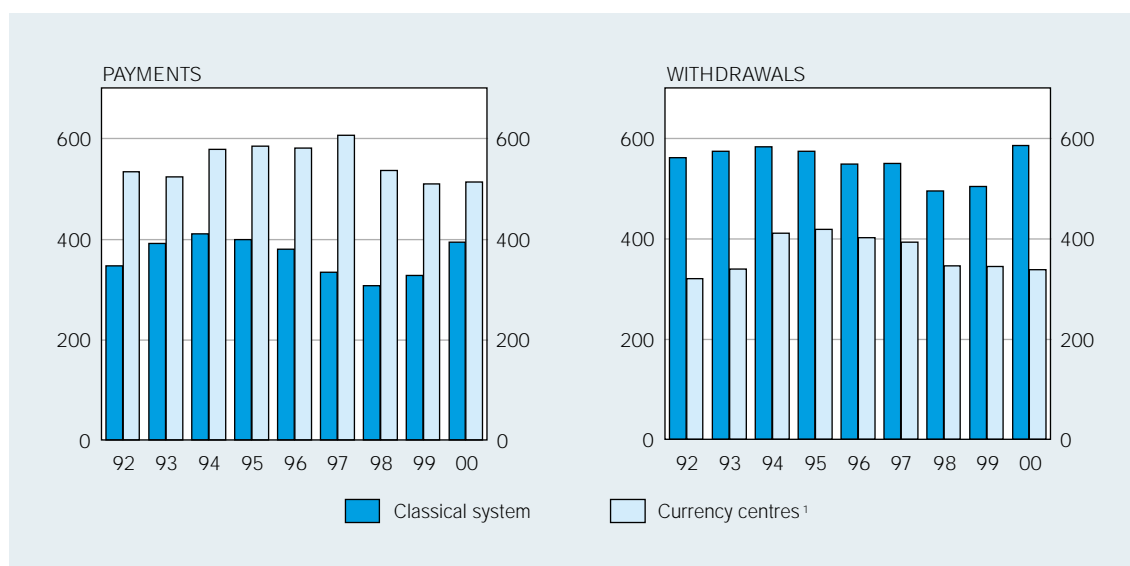
During 2000, each banknote in circulation returned to the Bank 2.7 times, on average. This high frequency of return guarantees that the notes circulating are of good quality. All notes paid in at the Bank's counters undergo a process which includes counting, a check on authenticity, sorting to separate clean from soiled notes, bundling of good notes for re-issue and destruction by shredding of those which have deteriorated. In 2000, the Bank dealt with over 900 million notes in this way. The work is done by an integrated process, using advanced technology machines with very high productivity.

1.5 EXCHANGING OF BANKNOTES OF COUNTRIES IN THE EURO AREA

Community country banknotes for which the rates of exchange have been irrevocably fixed are exchanged at their parity value for Belgian

CHART 4 – PAYMENTS AND WITHDRAWALS OF NOTES MADE BY THE CLASSICAL SYSTEM AND BY THE CURRENCY CENTRES¹

(Millions of notes)



¹ Including "Cash centers" from 1 November 1998.

francs pursuant to Article 52 of the Statute of the ESCB and the ECB.

As far as the public is concerned, the exchange procedures are still the ones set out in the 1998 Report.¹

On the other hand, the agreement which had been concluded between the Bank and the majority of the credit institutions and bureaux de change was cancelled following a communication of objections by the European Commission. After that cancellation, the facilities enabling businesses to deposit their excess euro area banknotes were extended from October 2000 to the offices in Brussels, Antwerp and Liège (it was previously only the Aalst office that accepted these deposits). The banknotes deposited are returned free of charge to the issuing central banks.

In 2000 the Bank exchanged approximately 300,000² notes worth a total of 21.4 million euros. Over 12,000 customers presented themselves at the Bank's counters for this purpose. This activity will continue until the end of March 2002.

2. MONETARY POLICY OPERATIONS

The primary objective of monetary policy is to maintain price stability in the euro area. For that purpose, the Eurosystem's main instrument is the terms offered on the weekly credit allotments, available to credit institutions in the euro area.

All monetary policy decisions are taken by the Governing Council or the Executive Board of the ECB. However, the ECB calls on the national

central banks to execute these operations. On the day of the credit allotment, the national central banks collect bids from credit institutions in their territory and forward them to the ECB so that it can make the necessary provisions. The ensuing payments to credit institutions are also decentralised, being effected after verification of the guarantees presented by the tenderers.

To guarantee the credits granted by the Bank, counterparties may use eligible assets located in Belgium or in another Eurosystem Member State. The Belgian banks make relatively little use of assets located abroad. Credit institutions of other ESCB Member States have greater recourse to the possibility of using assets in Belgium. The Bank therefore plays an important role as correspondent for the other central banks participating in the ESCB. In 2000, the Bank managed on behalf of other central banks, on average, 16 p.c. of all assets constituted in other countries and pledged for monetary policy operations and intra-day loans.

3. MANAGEMENT OF THE FOREIGN EXCHANGE RESERVES

3.1 FOREIGN EXCHANGE RESERVES OF THE EUROPEAN CENTRAL BANK

The national central banks have transferred to the ECB part of their gold and currency reserves. However, the operational management of these reserves is delegated to the national central banks. At the end of December 2000, the Bank thus managed foreign reserves worth 1.3 billion euros for the ECB.

3.2 THE BANK'S FOREIGN EXCHANGE RESERVES

The assets in the form of gold and currency held by the Bank totalled 9.1 billion euros at the

¹ See page 164.

² Excluding the Luxembourg banknotes already exchanged previously by the Bank.

end of December 2000. These reserve assets should enable the Bank to cater for specific cash requirements, particularly in its relations with the ECB, the IMF and the BIS. They are managed in such a way as to secure a satisfactory yield, with due regard for stringent security and liquidity requirements.

4. INTERBANK PAYMENT SYSTEMS

Many payments are not effected in cash : transfers, debit and credit cards, banker's orders, cheques, etc. In order to process and settle these transactions at interbank level, the Bank organises and manages two integrated, computerised payment systems : the CEC and ELLIPS. The CEC handles payments for small amounts, or retail payments, in accordance with the multilateral net settlement principle. ELLIPS is the Belgian real-time gross settlement system intended for large payments. It is part of TARGET, the euro payment system of the ESCB, for which it manages the Belgian component. The CEC handles over 99 p.c. of interbank

payments, but these account for only 2.4 p.c. of their total value. Conversely, ELLIPS processes under 1 p.c. of payments, representing over 97 p.c. of the total value.

Just as for many other systems, the transition to the year 2000 was a major challenge for the CEC and ELLIPS. It proceeded without any problems for both systems and their participants, thanks to meticulous preparation and detailed testing conducted with the participating banks.

In the CEC, interbank mergers and the system of real-time communication between Banksys and the main credit institutions caused the volume of transactions to fall by 4.8 p.c. compared to 1999, bringing them down to a daily average of 3.6 million transactions. However, the value of these transactions increased to an average of 1.95 billion euros per day.

It is increasingly common for payments between banks, settled by the CEC, to be initiated by the principal in electronic form (payment card, home banking, phone banking, self banking, etc.) without any paper medium being used.

TABLE 2 – BELGIAN INTERBANK PAYMENT SYSTEMS

(Daily averages)

	Amount (millions of euro)					Number (thousands of transactions)				
	ELLIPS			CEC	Clearing House	ELLIPS			CEC	Clearing House
	ELLIPS National	TARGET (EU to BE)	TARGET (BE to EU)			ELLIPS National	TARGET (EU to BE)	TARGET (BE to EU)		
1995				2,652	33,267				3,318	52
1996 ¹				3,049	31,061				3,412	45
1996 ²	29,004			1,785	595	3.4			3,412	31
1997	34,143			1,838	539	3.8			3,534	27
1998	37,396			1,930	476	4.0			3,711	23
1999	15,724	30,512	30,575	1,905	450	3.7	1.8	2.2	3,743	20
2000	14,157	35,644	35,606	1,953	424	3.7	2.3	3.2	3,565	17

¹ Until 23 September 1996.

² From the launch of ELLIPS on 24 September 1996.

TARGET has been in operation for two full years. Every day, this system processes just over 188,000 payments on average, worth a total of over 1,032 billion euros, including almost 40,000 cross-border payments, worth 432 billion euros. Use of TARGET expanded considerably in relation to the previous year: the overall increase was 15 p.c. by volume and 12 p.c. by value, and was particularly marked in the case of cross-border payments, which grew by 39 p.c. in volume and 20 p.c. in value.

There are even sharper contrasts in the pattern of TARGET payments in Belgium – processed and settled by ELLIPS.

The number of national payments remained virtually steady, averaging around 3,700 a day, while their value actually fell by over 10 p.c. to average just over 14 billion euros a day. This fall in value is probably due to greater integration on the interbank euro money market, causing banks based in Belgium to conclude fewer mutual transactions than they used to, and encouraging them to choose a counterparty in another

country participating in the euro. However, the total number of national transactions remained stable, because increasing numbers of transactions of non bank customers (large enterprises, for example) are being executed via ELLIPS. The amounts of these transactions are nevertheless much smaller than the average interbank payments. That is why the growth in non-bank customer transactions has not offset the decline in the amount of interbank transactions.

On the other hand, cross-border payments processed by ELLIPS expanded by 41 p.c. in volume and 17 p.c. in value. It is the number of payments made from Belgium to other EU countries that showed the largest increase, rising from an average of 2,200 to over 3,200 a day. In the euro area, Belgium thus remains in fifth position in the ranking of countries using TARGET for cross-border payments.

The main operational change in ELLIPS was the introduction of a new type of notification, intended to make the structure of cross-border payments more transparent for clients.

TABLE 3 – TARGET: AMOUNTS AND NUMBER OF TRANSACTIONS PROCESSED

(Daily averages)

	Amount (millions of euro)					
	TARGET			of which ELLIPS		
	Total	Cross-border	National	Total	Cross-border	National
1999	924,601	359,983	564,618	76,812	61,088	15,724
2000	1,032,512	431,522	600,990	85,407	71,250	14,157
	Number					
	TARGET			of which ELLIPS		
	Total	Cross-border	National	Total	Cross-border	National
1999	163,157	28,777	134,380	7,664	3,969	3,695
2000	188,157	39,878	148,279	9,315	5,579	3,736

5. SECURITIES CLEARING

The Bank manages a clearing system which permits the totally secure settlement, on the primary and secondary markets, of transactions relating mainly to dematerialised securities issued by the Belgian State. It operates on the basis of the principles of double notification and delivery against payment, guaranteeing that movements in securities and cash take place simultaneously. An automatic securities borrowing mechanism with provision of a guarantee also enables participants to meet their delivery obligations.

The clearing system encountered no problems in making the transition to the year 2000. The operation had been prepared in minute detail by means of tests involving all parties concerned in the Brussels financial centre.

Since September 1999, the clearing system has been arranging the settlement of transactions in benchmark linear bonds concluded through Euro-MTS (an electronic trading system for benchmark

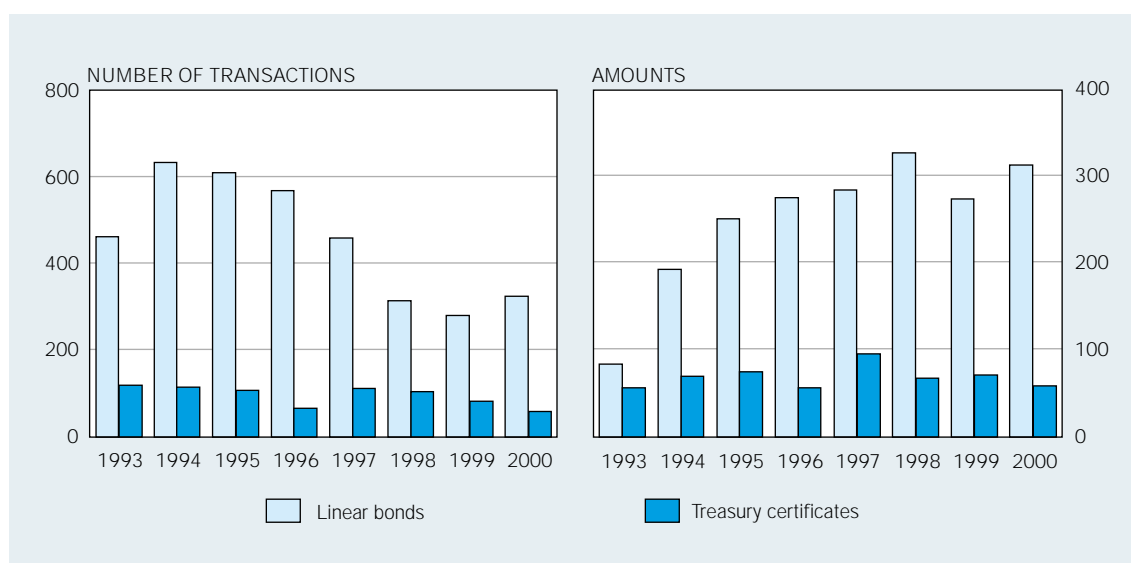
bonds issued by a number of European States), and since May 2000 it has been handling the settlement of linear bond transactions concluded via MTS Belgium (an electronic trading system managed by the Belgian banking community in collaboration with the Treasury, and using the same technology as Euro-MTS). Ultimately, this system should also handle Treasury certificates.

The chart below shows the movement, up to 2000, in secondary market transactions in linear bonds and Treasury certificates, in terms of nominal value and number of transactions.

In terms of amounts processed, half of the decline in activity recorded in 1999 was made up by transactions in linear bonds (the market in Treasury certificates having remained depressed). The average number of transactions substantially exceeded the 1999 level, which was lower than in 1998. Here, too, the role of linear bonds as the driving force needs to be highlighted, as the number of transactions in Treasury certificates reached its lowest level since the beginning of the period under review.

CHART 5 – SECONDARY MARKET TRANSACTIONS SETTLED BY THE SECURITIES CLEARING SYSTEM

(Daily averages, amounts in billions of francs)



6. STABILITY OF THE FINANCIAL SYSTEM

A central bank has to concern itself at various levels with the security and stability of the financial system in general. That concern is not based on microprudential considerations (in Belgium these come under the Banking and Finance Commission) but must be viewed in relation to the fundamental tasks of a modern central bank.

In particular, it has to safeguard the effectiveness of the monetary policy. To ensure that that policy is implemented swiftly and transparently, it is essential for the central bank to be able to rely on a stable and healthy financial system in which the systemic risk has been reduced to the minimum.

Also, under the EU Treaty, the Bank – as part of the ESCB – has the task of contributing to the smooth conduct of the policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

Some time ago the Bank launched a variety of initiatives to strengthen security and stability in the financial system. The Interdepartmental Prudential Unit, which comprises representatives of the various departments and services concerned, is responsible for the co-ordination of the various initiatives.

The Bank's concern for the stability of the financial system also justifies the participation by a member of the Board of Directors of the Bank in the deliberations of the Banking and Finance Commission.

In a world of globalised financial markets, considerations made by central banks in this field largely take place at international level, where many activities are undertaken. The Bank plays an active part in this work, particularly that

carried out by the ESCB and the Group of Ten (see point 16).

7. OVERSIGHT OF PAYMENT AND SECURITIES SETTLEMENT SYSTEMS

The oversight of payment and securities settlement systems is among the initiatives adopted by the central banks to strengthen the stability of the financial system. That oversight is one of the fundamental tasks of a central bank, which needs an efficient, reliable payment system to ensure the swift transmission of monetary policy signals, and which – as the lender of last resort – has to ensure that systemic risks are controlled.

Since 1999, this supervision by the Bank has had an explicit legal basis.¹

The Bank has formalised the supervision of the payment and securities settlement systems in Belgium by creating an "oversight" unit. That unit is attached to the International co-operation service. It is assisted by an interdepartmental working group which provides the necessary technical expertise for certain oversight tasks. Chapter 8 of Part 1 of the Bank's Report gives an overview of the systems subject to supervision.

In the course of its work of overseeing the payment and securities settlement systems, the Bank was also involved in the preparations for the smooth transition of these systems to the year 2000, and took part in the co-ordination set up at international level under the auspices of the BIS.

The Bank considered it important to ensure transparency and clarity in performing this relatively new role as overseer of payment and

¹ See Article 8 of the Bank's Organic Law.

securities settlement systems. In December 1999 it therefore provided each of the systems subject to that oversight with information on the legal basis, the international context and the scope of the oversight, and how it was being organised by the Bank. This information was also published, including on the Bank's Internet site.¹

8. PROTECTION FUND FOR DEPOSITS AND FINANCIAL INSTRUMENTS

The Bank is responsible for the daily management of the *Protection Fund for Deposits and Financial Instruments*, created by the law of 17 December 1998. This Fund is a public institution, run by a Board of Directors comprising representatives of the public sector and the credit institutions and investment enterprises sector. Its task is to provide financial compensation for depositors and investors who suffer a loss when a credit institution or investment undertaking becomes bankrupt. This compensation, subject to a maximum of 20,000 euros per claimant, is granted in accordance with the conditions set out in the "Announcement" published in the *Moniteur belge / Belgisch Staatsblad* of 25 February 1999.

The administrative activities of the Fund are defined in an organic regulation approved by royal decree. They mainly concern monitoring the membership status of credit institutions and investment enterprises in the protection system, levying annual contributions, financial management of the Fund's resources, preparation and payment of any compensation for depositors and investors, and the management of cases taken over from the former managers of the protection systems (the Rediscount and Guarantee Institute and the Stockbrokers' Intervention Fund).

¹ Only available in French and Dutch.

9. ECONOMIC STUDIES AND STATISTICS

9.1 ECONOMIC STUDIES

As a member of the ESCB, the Bank is closely involved with preparing and implementing the common monetary policy of the euro area. Its analysis and research activities are therefore geared primarily to the various facets of monetary policy. In this respect it co-operates closely with the ECB and the other national central banks of the Eurosystem.

Furthermore, the Bank acts as advisor to the authorities and maintains regular contact with the economic and financial world and the universities. This takes the form of publications (see point 9.7), memoranda, consultations (with, amongst others, the ECB, the IMF, the Organisation for Economic Co-operation and Development, and the rating agencies) and participation in meetings at both national and international level.

Thus, the Bank delegates at national level (the activities on an international level will be discussed under point 16) representatives to attend various economic councils or permanent working parties such as the Superior Finance Council, the Superior Employment Council and the Central Economic Council.

These tasks necessitate fundamental, sound macroeconomic research based on continuous, thorough analysis of current events and statistical data. The results of a set of macroeconomic and financial models, which are regularly updated, are very useful in this regard.

9.2 FINANCIAL STATISTICS

Activities relating to banking statistics have focused mainly on refining and developing the national statistics which the ECB uses to

calculate the aggregates for the euro area as a whole. A series of financial statistics published in the *Statistical Bulletin* has been adapted. Particular mention must be made of the addition of new statistical series following the introduction of the euro on 1 January 1999, and the refinement of the credit statistics.

For the first time, financial accounts have been drawn up and communicated to Eurostat in accordance with the new European methodology for the national accounts: ESA 95. This concerns the annual figures for the period 1995-1999.

9.3 BUSINESS SURVEYS

Since May 2000, at the request of the European Commission, the Bank has been organising harmonised consumer surveys in Belgium. Like the surveys of enterprises, the business surveys covering consumers are qualitative, i.e. they aim to record trends. In other respects they differ from the surveys of enterprises: the sample used in the consumer surveys changes every month and contact is by telephone only.

Since the mid 1990s, the Bank has been putting questions to the business services sector in the course of the business survey of enterprises. For statistical and technical reasons – it is necessary to have a sufficiently long series before the seasonal filtering technique can be applied – the synthetic curves for this sector of activity were not produced and published until September 2000 onwards. In order to preserve the predictive character of the global synthetic curve, it is calculated without taking account of the service sector.

In 2000, in collaboration with the Bank of France, the Bank once again conducted a cross-border business cycle study covering the textile industry in Belgium and the Nord-Pas-de-Calais region.

9.4 NATIONAL ACCOUNTS

The annual sectorial national accounts and the aggregates by branch of activity for the period 1995-1999 were compiled in accordance with ESA 95. The results were published at the end of October, three months sooner than the previous year. For the first time, the main expenditure items of general Government (gross capital formation, compensation of employees, intermediate consumption, subsidies, property income, social benefits and social transfers in kind, other current transfers and capital transfers) for the period 1990-1997 were broken down by function in accordance with the COFOG international standard classification (Classification Of the Functions Of the Government).

In accordance with the Council Regulation relating to the ESA 95, the Bank also publishes a quarterly estimate of the main national accounts aggregates during the fourth month after the end of each quarter. On the basis of these quarterly accounts, an initial estimate of the aggregates for 1999 was published in April 2000.

Finally, since May 2000 the Bank has been publishing, two months after the end of each quarter, a "flash" estimate of the growth of gross domestic product. This rapid estimate of economic growth is an early response to future European statistical requirements.

9.5 FOREIGN TRADE

During the year under review, concern once again centred on improving the punctuality and quality of the declarations. During the first quarter, information meetings were held in most of the branches and agencies for the purpose of promoting electronic declarations, the new Intrastat declaration form and particularly the manual distributed on CD-ROM and via the Internet. Apart from this information campaign, which directly reached over a quarter of declarants, prompter reminders specifically targeting

major declarants produced a substantial improvement in the quality and quantity of replies. Since January 2001, a declaration form has been available on the Bank's Internet site, and a more recent version of the IDEP (Intrastat Data Entry Package) software for declarants has been produced.

Use of the revised Intrastat form enabled over half of the declarations on paper to be entered by the optical character recognition (OCR) technique during the second half of the year. This proportion is still rising significantly.

Since the aggregate results have to be supplied within six weeks in accordance with the Eurostat and ECB requirements, the method used to produce reliable approximations has been improved and extended to extra-EU trade. Moreover, in 2001 the foreign trade statistics will be integrated into the balance of payments in 2001.

As regards publications, the statistical yearbook of foreign trade will now also be distributed on CD-ROM.

Finally, the Bank once again played an active part in international missions and working groups, including those relating to the Phare programme (financial and technical co-operation instrument intended for a number of central European countries).

9.6 BALANCE OF PAYMENTS

The data necessary for compiling the balance of payments of the Belgian-Luxembourg Economic Union and the separate current accounts for Belgium and Luxembourg are collected by the Bank on behalf of the Belgian-Luxembourg Exchange Institute in respect of both Belgian and Luxembourg residents.

The organisation of the data collection was further improved last year, in order to shorten

the publication times for the statistics. Electronic transmission of declarations was promoted among credit institutions and enterprises. For this purpose, a page was added to the Internet site, intended for the declarations of credit institutions and enterprises.

As indicated in the preceding point, the foreign trade data will soon be incorporated in the balance of payments.

The Bank participated in various international working groups involved in the harmonisation of data collection in the EU countries, the co-ordination of a portfolio survey, the examination of the causes of certain statistical differences and the search for solutions to these problems.

For the third time, a survey was organised on investment by residents in securities issued by non-residents. The results of the survey carried out at the end of 1998 were published in the Bank's *Statistical Bulletin*.

9.7 PUBLICATIONS

The Bank publishes economic analyses in its *Annual Report (part 1)*, which is its main publication, and in the *Economic Review* and the *Working Papers*.

Since the year 2000, the *Economic Review* has been published four times a year, in February, May, August and November. The Bank intends that this publication should provide information on important economic, financial and monetary developments. In 2000 the *Economic Review* published articles on the determinants of the stability of the Belgian banking system, the Belgian economy in 2000, the monthly business surveys in the service sector, the lessons of the solution to bank crises in several industrial countries, the company results and the social balance sheets in 1999. The February issue contains the report presented by the governor on behalf of the Council of Regency.

The *Working Papers* are a new publication, produced for the first time in 2000. They are divided into a *Research* series, containing the results of theoretical or empirical research, and a *Documents* series, which presents more general information or ideas. The articles always have an economic or financial slant or deal with subjects of particular importance for the activities of central banks. They are aimed at a specialist public to a greater extent than the *Economic Review*. They consist of papers published on the responsibility of their authors, joint studies by the Bank and other institutions, or contributions presented by third parties at seminars arranged by the Bank. In 2000, twelve *Working Papers* were published, nine in the *Research* series and three in the *Documents* series. They include contributions from speakers at the international conference held on 11 and 12 May 2000, on the occasion of the Bank's 150th anniversary.

In addition, the Bank is responsible for the following statistical publications :

- the *Statistical Bulletin*, published every quarter. It is supplemented by a series of monthly tables ;
- the *Economic Indicators for Belgium*, published weekly ;
- the publications concerning the national and regional accounts and foreign trade, produced on behalf of the National Accounts Institute.

Technological progress is encouraging the electronic circulation of data rather than publications in paper form. The reference date for publication of the data is now the date of circulation on the Bank's Internet site. That site contains a circulation timetable. It makes all publications available to the public and offers facilities for taking out subscriptions in electronic or material form. In addition, it offers access to Belgostat, a database containing a wide range of economic and financial statistics, updated daily. The Bank's statistics are also published quarterly on CD-ROM.

The Bank is responsible for the distribution of the ECB's publications in Belgium and assists in the translation of some of them. These publications may be consulted on the ECB's Internet site (<http://www.ecb.int>).

9.8 SCIENTIFIC LIBRARY

Originally, the scientific library's sole task was to provide the Bank's management and economists with the main national and international publications in the economic field. It thus helps to document analyses and provides support for decision-making within the Institution. In so doing, it has built up, over time, a specialist collection whose size and quality are appreciated not only within the Bank but also by academics and professionals with whom close and long-standing collaborative links were further strengthened in 2000.

To make its collections accessible to the public, the Bank provides a reading room, open daily from 9 a.m. to 4 p.m. To encourage visitors, the library has joined the group of libraries participating in the Belgian collective catalogue and will shortly place its catalogue on the Internet. This should make the collections more visible, particularly to researchers and students.

10. GOVERNMENT CASHIER

The Government Cashier centralises all the State's current revenue and expenditure items each day by passing them through the account which it holds with the Bank. The balance of the Post Giro transactions is also added. The whole of the resulting surplus or deficit is allocated, in collaboration with the Treasury, to short-term financing or investment transactions.

As Government Cashier, the Bank also provides the financial service in respect of loans issued

by the State, which includes the actual issue and redemption of the loans and the payment of interest. Treasury certificate and linear bond issues raised 58.7 and 32.1 billion respectively for the Treasury in 2000, against 72.8 and 28.3 billion in 1999. The four medium-term Government bond issues intended exclusively for individuals yielded 1.2 billion against 1 billion in 1999. Treasury certificate, linear bond, classical loan and Government bond redemptions totalled 97.9 billion in 1999 and 85.8 billion in 2000.

11. SECURITIES REGULATION FUND

The Bank is responsible for the daily management of the Securities Regulation Fund, which guarantees the liquidity of public loans, essentially for the benefit of non-professional investors, when the daily fixing takes place on Euronext Brussels, the Belgian branch of the merged Paris, Amsterdam and Brussels stock exchanges. In 2000, the turnover on the fixing market fell to 403 million euros – it had exceeded 500 million in 1999 – and the number of transactions totalled some 34,000, against 46,000 in 1999. Almost 80 p.c. of the transactions were in Government bonds and classical loans. The remainder related to linear bonds.

The Securities Regulation Fund also exercises active supervision as the market authority on the secondary off-exchange market in linear bonds, split securities and Treasury certificates. It completed an initial cycle of periodic surveys among participants established in Belgium and very active on the market. During the year, the Fund carried out surveys periodically among foreign participants. These surveys take the form of a written questionnaire. The periodic surveys are meant to give the Fund a more accurate idea of the way in which intermediaries respect the current rules. Furthermore, as a supervisory institution, the Securities Regulation Fund has

access to MTS Belgium, a new electronic trading system, operational since May 2000.

Finally, the Securities Regulation Fund supervises the institutions which hold dematerialised Government debt securities on behalf of a third party. The infringements found have declined in number and in seriousness.

12. CENTRAL OFFICE FOR CREDITS TO ENTERPRISES

The Central Office for Credits to Enterprises records, by beneficiary, the data on credits of one million Belgian francs or more granted for business purposes by credit institutions to resident and non-resident natural and legal persons. The royal decree of 20 July 2000 concerning the introduction of the euro set the declaration threshold at 25,000 euros from 1 January 2002. Both the amounts authorised and the amounts used are recorded. By offering participating credit institutions the opportunity to consult the data recorded by beneficiary, the Central Office represents an important tool for assessing their credit risks, both at the time of granting the credit and in its subsequent management. Since 1 September 1999, insurance undertakings with approval for credit insurance (for the supplier credit which they insure) and for guarantee insurance (for the guarantees which they grant) have also been participating in the Central Office.

At the end of 2000, the number of credit beneficiaries recorded totalled 330,000 (of whom 2.3 p.c. were non-residents), to whom 640,000 credits had been granted. The chart below shows the movement since 1996 in authorised payment credits granted to residents, broken down by sector of activity. On 30 June 2000, the total amount of credits opened for residents came to 207.2 billion euros, against 196 billion at the end of

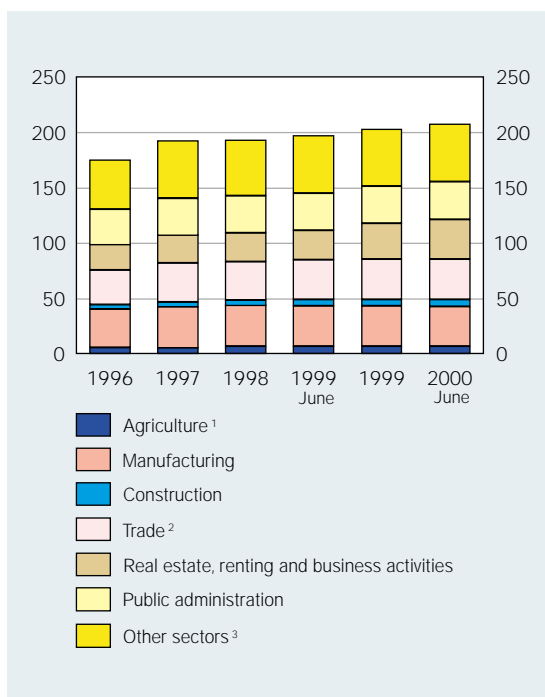
June 1999, representing an increase of 5.2 p.c. This is mainly attributable to the increase in credits granted to the sector of activity "Real estate, rental and business activities".

To supplement the magnetic (cassette, diskette, etc.) or paper media hitherto used for the transfer of information between the Central Office and its participants, work has begun on the development of a new software application to permit the transmission of data by network during 2001.

In September 2000, the Governing Council urged the *working group on Credit Registers*, operating under the auspices of the ECB, to step up the preparations for data exchange between the central credit offices operating in the euro area.

CHART 6 – PAYMENT CREDITS GRANTED TO RESIDENTS BY CREDIT INSTITUTIONS ESTABLISHED IN BELGIUM

(End of period, credits opened in billions of euro)



¹ Including hunting, forestry and fishing.

² Wholesale and retail.

³ Mining and quarrying ; electricity, gas and water supply ; transport, storage and communications ; hotels and restaurants ; financial intermediation, education, health, miscellaneous services.

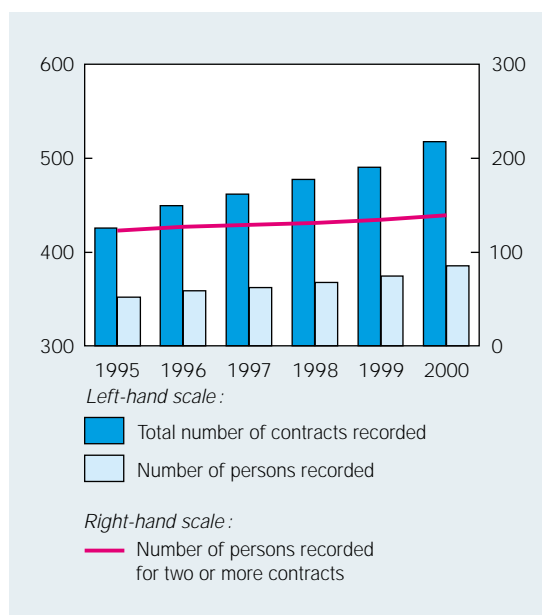
13. CENTRAL OFFICE FOR CREDITS TO INDIVIDUALS

The main aim of the Central Office for Credits to Individuals is to restrain any excessive growth in the indebtedness of individuals by providing the participating institutions with information about repayment difficulties relating to consumer credit and mortgage loans granted for private purposes.

At the end of 2000, the records of the Central Office concerned about 518,000 contracts and some 385,000 people, against 496,000 and 375,000 respectively at the end of 1999. During the year under review, the number of persons for whom more than one contract was notified to the Central Office showed a further increase. Thus, some 20 p.c. of persons registered with the Central Office have been reported for two contracts, 8 p.c. for three contracts and 9 p.c. for four contracts or more.

CHART 7 – NUMBER OF CONTRACTS AND PERSONS RECORDED BY THE CENTRAL OFFICE FOR CREDITS TO INDIVIDUALS

(Thousands)



Last year the Central Office also recorded around 5,300 notices of collective debt settlement; the registries of the courts of first instance are required to pass on these notices to the Bank. Collective debt settlement is granted to persons durably unable to pay off their debts. A reduction in charges or rescheduling of the debts may be granted by amicable or legal settlement.

During the past year, the number of consultations per working day increased to 18,500, against 17,000 in 1999. Around 6.3 p.c. of the total number of consultations received an affirmative answer (i.e. the person in question was actually entered in the records). In the case of the Dutch central office, the "Bureau Kredietregistratie" or "BKR", with which an agreement was concluded on mutual consultation of the records, the average percentage of affirmative answers came to 10.4 p.c., illustrating the benefits of the cross-border exchange of information; some people with excessive debts in the Netherlands apply for credit in Belgium, especially in the border area. This phenomenon also occurs in the opposite direction.

Detailed statistical information is published in a half-yearly brochure and is also available on the Internet site.

In connection with the policy on the prevention of excessive debt, proposed by the Government, the Council of Ministers approved a draft law extending the Central Office to a system of positive recording; it will record not only payment arrears but also data on credit which has been granted and is proceeding normally.

14. CENTRAL BALANCE SHEET OFFICE

The co-ordinated laws on trading companies entrust the Bank with the task of gathering and

publishing the annual accounts of limited liability companies. In 1995, this task was extended to include the social balance sheets which have now become part of the annual accounts which have to be filed. Some enterprises which are not required to file their annual accounts with the Bank (hospitals, non-profit-making institutions employing at least twenty people, etc.) must, however, compile a social balance sheet and send it to the Bank.

In 2000, almost 270,000 sets of accounts were filed (around 80 p.c. on diskette) at the Bank, and some 1,400 social balance sheets were submitted by enterprises not required to file their annual accounts.

The number of sets of accounts filed in 2000 increased by around 25,000 units compared to 1999. This is due mainly to the prompter submission of accounts made up in 1999, and to the action taken by the public prosecutor's offices, causing many enterprises to file accounts relating to a number of financial years ending before 1999.

The accounts filed in 2000 are the first to be circulated on CD-ROM in accordance with the provisions of the royal decree of 14 December 1999. The full collection covering the 2000 calendar year comprises just 95 CD-ROMs against 660 microfilms in 1999, the medium used since the Central Balance Sheet Office was set up in 1978. This more modern medium enabled users to extract information from the accounts more efficiently and at lower cost.

Since 1 January 2000, the accounts filed with the Bank have been archived in digital form. Thus, it will soon be possible to make them available to the Government by electronic means under the federal authority's *e-Government* project. This consists in connecting public services to an electronic data transmission network permitting controlled, secure data exchange, one of the aims being to avoid requiring the public

and enterprises to supply the same information to more than one service.

Ultimately, the Bank will also be able to circulate the accounts on the Internet, in the same way as some European countries such as the United Kingdom, France and Spain.

Apart from the CD-ROMs containing images of the annual accounts filed, the Bank makes available to outsiders figures from the normalised annual accounts (in magnetic form and on CD-ROM) and annual statistics compiled from the data contained in the normalised annual accounts and social balance sheets. Finally, company officers may obtain a file on their own enterprise and its sector of activity. Among other things, this "enterprise file" makes it possible to compare the financial position of the enterprise in question with that of its sector. These products are described in more detail on the Bank's Internet website.

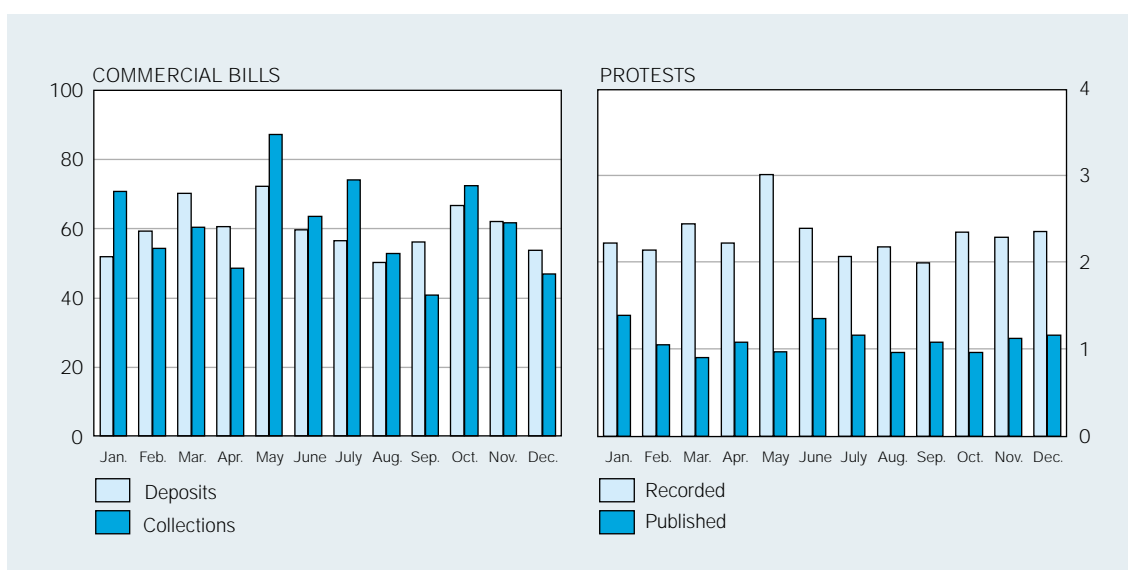
15. CENTRALISED PROCESSING OF COMMERCIAL BILLS

The CPCB (system for the Centralised Processing of Commercial Bills) aims to organise the dematerialised interbank circulation of commercial bills by eliminating any exchange of documents, replacing it with automated data exchange. All commercial bills domiciled with credit institutions represented in the Clearing House are therefore centralised by the CPCB, which retains them and presents them for collection by an automated process.

In the event of non-payment of a commercial bill, the CPCB takes charge of all the administrative tasks relating to the preparation, recording and publication of protests, in accordance with the law which assigned to it the role of central depository for documents of protest. Each month, the documents of protest are forwarded to the

CHART 8 – COMMERCIAL BILLS AND PROTESTS PROCESSED BY THE CPCB

(Monthly volumes, in thousands)



registries of the commercial courts and to subscribers to the published protest records.

In 2000, some sixty credit institutions entrusted the processing of over 700,000 commercial bills to the CPCB, which prepared around 28,000 documents of protest and published 13,000 of them, the others being settled before publication.

16. INTERNATIONAL ACTIVITIES

16.1 EUROPEAN SYSTEM OF CENTRAL BANKS

The participation of the governor of the Bank in the Governing Council and in the General Council of the ECB means that he must be able to develop a coherent vision of the euro area as a whole. This requires the Bank to conduct an analysis which focuses on the European and international dimension, and to carry out a considerable amount of co-ordination in preparation for the meetings of the governors, and eventually, to ensure that the decisions taken there are communicated to all its services.

At an earlier stage, the Bank takes part in the activities of the various committees set up at the ECB. These committees, the majority of which are presided over by a representative of the ECB, allow the national central banks to express their points of view on the various subjects discussed, so that the files submitted to the authorities of the ESCB can incorporate the national dimension in their analysis. The Bank thus participates in the activities of the following committees: *Internal Auditors Committee (IAC)*, *Banknote Committee (BANCO)*, *Budget Committee (BUCOM)*, *External Communications Committee (ECCO)*, *Accounting and Monetary Income Committee (AMICO)*, *Legal Committee (LEGCO)*, *Market Operations Committee (MOC)*, *Monetary Policy Committee (MPC)*, *International*

Relations Committee (IRC), *Statistics Committee (STC)*, *Banking Supervision Committee (BSC)*, *Information Technology Committee (ITC)*, *Payment and Settlement Systems Committee (PSSC)* and the working groups which come under these committees.

Lastly, the Bank's participation in the work done in international organisations and organs has taken on a new dimension. This consists in contributing to the development of a common position on subjects within the ESCB's field of competence and, more generally, in developing shared standpoints on a certain number of subjects which concern the national central banks with regard to their participation in the ESCB.

16.2 OTHER EUROPEAN ACTIVITIES

Outside the ESCB, the Bank plays an active role in the work carried out by a series of committees and working groups which come under the auspices of the Council of the EU or the European Commission.

At broad economic level, the Bank is involved in the preparations for the work of the Ecofin Council, attended each month by the Ministers for Economic Affairs and Finance of the EU Member States. During the second half of 2001, Belgium will take on the Presidency of the EU and will therefore preside over the Ecofin Council during that period. In the first half of 2001, the Presidency of the EU is held by Sweden, a Member State which has not joined the euro area, so that, throughout 2001, Belgium will preside over the Eurogroup, an informal body comprising the Ecofin Ministers of Member States of the euro area only, which meets before each Ecofin Council.

In order to cope with the exceptional workload which these presidencies will entail, the Minister of Finance and the governor of the Bank signed a co-operation agreement in December 2000, creating a "Belgian

Presidency Support Committee", whereby the Bank will provide logistical support, plus technical support in the matters where it has special expertise.

In particular, the Bank participates in the activities of the *Economic and Financial Committee*. Without prejudice to the independence of the ECB, the tasks of this committee include delivering opinions for the submission to the Council or the Commission and keeping under review the economic and financial developments in the Community. An increasing share of the work of this committee is devoted to preparations for the Ecofin Councils and the formulation of the various standpoints adopted by the EU in international forums such as the Group of Ten, the IMF and more recently, the Group of Twenty. The Bank also participates in the activities of the EU *Economic Policy Committee*, which analyses the structural developments of the European economy.

With regard to banking and financial legislation, the Bank participates in the activities of the *Banking Advisory Committee*, the purpose of which is to assist the Commission in the drawing up of European banking legislation, and in the *High-Level Securities Supervisors Committee*, which plays the same role, but in the field of transferable securities.

Finally, the Bank is also present in numerous EU Council and European Commission working groups when they are preparing and negotiating legislation relating to questions which fall within its sphere of responsibility. During the year

under review, the Bank thus participated in the activities concerning undertakings for collective investment in transferable securities (UCITS), distance selling of financial services, combating of money laundering, protection of the euro against counterfeiting and the use of collateral.

16.3 OTHER INTERNATIONAL ACTIVITIES

At IMF level, the Bank has continued to play an active role, in consultation with the governmental authorities, in the preparation of standpoints taken by the Belgian Executive Director, who heads a constituency composed of ten countries (Austria, Belarus, Belgium, the Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovakia, Slovenia and Turkey).

In the Group of Ten, the Bank has played an active part in the work of the various committees established under the auspices of the Committee of Governors. Particular mention has to be made here of the *Basle Committee on Banking Supervision*, whose activities have increased considerably and which is currently discussing the delicate question of the capital which credit institutions are required to hold, to cover their credit risks. Also worthy of note is the *Committee on Payment and Settlement Systems*, which recently elaborated the "Core principles" concerning the configuration and method of operation of payment systems, and the *Committee on the Global Financial System*, which keeps a close eye on developments on the financial markets.

III. THE MEANS EMPLOYED

1. HUMAN RESOURCES

At the end of 2000 the staff, expressed in terms of full-time equivalent, numbered 2,406 units, a drop of 39 units compared to the end of the previous year. The Bank is therefore continuing its policy of gradual staff reduction. As in previous years, the staff reduction was greater in the provincial establishments than at the headquarters. The age structure of the staff shows a strong concentration (54 p.c.) in the 35 to 44 age category. By contrast, those in the group aged 50 and above do not represent more than 16 p.c. of the staff. About a quarter of the staff make use of one of the possibilities offered by the Bank to work part-time. In this context, it is the scheme for working 80 p.c. of standard hours which has been the most successful. Since 1 April 2000 the Bank has

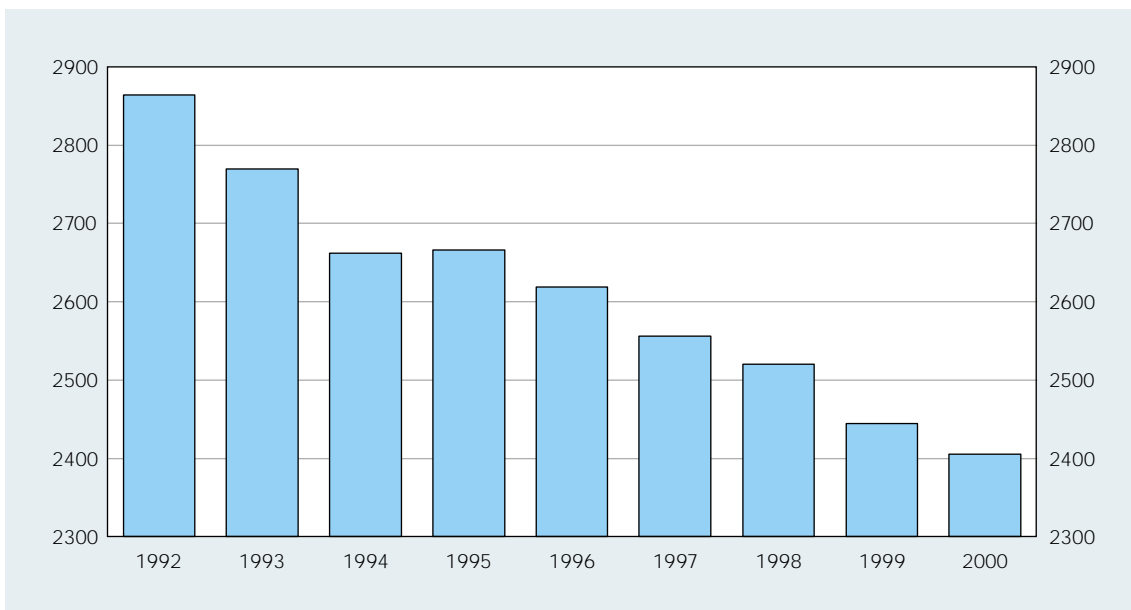
offered "first-job contracts". These enable young job-seekers to gain their first work experience. At the end of 2000, the Bank was employing 82 people under this scheme.

The level of qualifications and skills required is constantly rising, and staff are encouraged to pursue in-service training. Since the strongest demand concerns skills in the use of PCs, the Bank has relaunched a private PC plan, enabling staff members to become familiar with the use of this tool at home.

In 2000, approximately 54,000 hours of training were given. Computing still remains the chief field involved, accounting for 38 p.c. of training time. Next in order are banking and financial training courses (17 p.c.) and language courses (13 p.c.). The total cost of the training, including the cost of the working

CHART 9 — STAFF NUMBERS AT THE END OF THE YEAR

(Full-time equivalents)



hours devoted to it, represents around 5 p.c. of the wage bill.

In May 2000, staff elections were held to appoint the employees' representatives on the Works Council and the three Prevention and Safety Committees. An agreement was concluded with the union delegation on the composition of this delegation. The Works Council met ten times during the past year. During these meetings, the employer provided the economic, financial and social information relating to the Bank, as required by law. Furthermore, the workers' representatives were regularly informed of the position on major issues such as the introduction of euro notes and coins, the subcontracting of the cleaning work and the strategic repositioning decided by the Board of Directors.

The Bank is undergoing an important phase in its development, and that is also making itself felt in the human resources field. Collective bargaining will continue to play an important role in the years ahead. In that context, a social contract was negotiated between the employer and the workers' representative organisations, aimed at offering certain guarantees regarding individual job security and gaining the constructive co-operation of the unions so that the changes can proceed in a calm working atmosphere. Furthermore, in connection with the recommendations made to improve cost control and make the human resources policy more flexible and dynamic (see point I.2), and in order to align the staff structure with that of the majority of central banks in the Eurosystem, the Bank decided to put part of the cleaning work out to subcontractors from 2001. However, it is guaranteeing jobs for the personnel thus made available. Most of them will be assigned to the changeover from the Belgian franc to the euro. For a time, this operation will actually require around 170 additional staff, almost half of whom will be allocated to establishments in the provinces. All the parties concerned will obviously receive the necessary support and training.

2. NETWORK OF AGENCIES

The network of provincial establishments is currently being restructured, for three main reasons: the advent of Monetary Union, the spread of new technologies and the current trend towards concentration in the financial sector.

In this context, the Bank closed eight of its representation offices at the beginning of 2000, reducing the number of its establishments outside Brussels to fourteen.

The Bank also decided to reorganise the network of provincial offices from the second half of 2002. This restructuring will not give rise to any redundancies. It consists in maintaining one office per province, while distinguishing between activities which involve handling cash (banknotes, coins, securities and coupons), called the first pillar, and non-monetary duties (public relations and communication, activities relating to statistics and business, analysis and regional surveys), called the second pillar. The Antwerp and Liège branches will continue to engage in both types of activity. The Hasselt, Kortrijk and Mons agencies will carry on first pillar activities, plus certain local representation functions. The other offices will be called representative agencies and will engage solely in second pillar activities. They will be situated in Arlon, Ghent, Leuven, Namur and Wavre. The Aalst, Bruges, Charleroi and Turnhout offices will close at the end of 2002.

During the year under review, the Bank also initiated a reform of the cash centres in order to ensure a better match between the service provided and the requirements of customers. The function of cash centres, like currency centres, is to enable financial bodies to obtain supplies of banknotes and to pay in their excess banknotes in small quantities, on particularly attractive terms.

Since October 2000, the facilities for exchanging euro area banknotes have been extended to

include professional operators at the Antwerp and Liège branches.

3. ORGANISATION AND COMPUTING WORK

The organisational analyses aimed at rationalisation and the improvement of productivity were continued. During the year, the analysis of activities relating to public securities and transactions with the Treasury was completed. The International Co-operation service was also examined.

In addition, the Bank addressed the cost control problem, and more specifically the simplification of procedures and a plan for reducing the costs of certain activities. Purchase procedures were the focus of special attention.

With regard to information systems, the transition to the year 2000 passed without any problems, thanks to the resources mobilised and the meticulous preparations for this unprecedented operation.

This year the Bank turned to the development of its information systems architecture in the years ahead, in order to provide the optimum response to the needs expressed by internal and external customers. This new architecture will permit the gradual adoption of new technologies for secure

data exchange with the outside world, development tools and the installation of software.

The "IT Service Management" project, started in 1999, continued with the installation of the technical infrastructure necessary for the help desk. Overall, this project aims to improve computing services for internal and external clients, notably by ensuring the quality of user support provided in the event of incidents and technical changes, or changes relating to applications.

An emergency plan ensuring the continuity of critical applications even in the event of the headquarters being totally inaccessible has been operational since 1999. Supplementary measures were also taken this year. Tests are conducted periodically to check that the procedures provided for operate correctly.

Applications have been developed in many ways in all the Bank's areas of activity (see Activities, chapter II). Two major applications should be mentioned here, namely the one for the future Central Office for Credits to Individuals, a positive central record of all credits granted, and the one for the management of cash and movements of banknotes and coins.

Attention must also be drawn to the increasing use of electronic mail, the expansion of the Bank's Intranet and Internet sites and the focus on workflow and document management techniques.

IV. TASKS, ADMINISTRATION AND SUPERVISION

1. TASKS

The National Bank is governed by its Organic Law, its Statutes, approved by royal decree, and, only supplementarily by the provisions applicable to public limited companies. Furthermore, it is part of the European System of Central Banks, and is therefore governed by the Treaty establishing the European Community and the Statute of the ESCB and of the ECB annexed thereto.

The Bank participates in the attainment of the ESCB's objectives, the main one being the maintenance of price stability. Without prejudice to that objective, the ESCB also supports the general economic policies of the European Community, with due regard for the principles set out in the Treaty.

To attain those objectives, the Bank takes part in the basic tasks of the ESCB, namely defining and implementing monetary policy, conducting foreign exchange operations, holding and managing the official foreign exchange reserves and promoting the smooth operation of payment systems. It issues Belgian franc banknotes for circulation as legal tender in Belgium and in the Grand-Duchy of Luxembourg, and from 1 January 2002 it will participate in the issuing of euro banknotes which will then be legal tender throughout the euro area.

In exercising the powers and carrying out the tasks and duties conferred on it by the Treaty, neither the Bank nor any member of its decision-making bodies may seek or take instructions from European Community institutions or bodies, from any Government of a Member State of the Community or from any other body.

In carrying out the monetary policy function of the ESCB, the Bank receives part of the monetary income which the national central banks obtain from assets held against notes in circulation and deposit liabilities to credit institutions.

The Bank also performs a number of tasks which do not come under the ESCB but are compatible with the tasks of that system. For instance, it is responsible for the Government Cashier's service, certain statistical tasks and the operation of the Central Balance Sheet Office and the Central Credit Offices.

2. ADMINISTRATION

2.1 THE GOVERNOR : APPOINTMENT AND POWERS

The governor is appointed by the King for a renewable term of five years. He may be removed from office by the King only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. Mr Guy Quaden has held the office of governor since 1 March 1999.

The governor directs the Bank. In this capacity he presides over the Board of Directors and the Council of Regency, and has their decisions implemented. He represents the Bank in legal proceedings. If he is unable to attend, he is replaced by the vice-governor. The governor is also a member of the Governing Council of the European Central Bank (ECB) ; he thus helps to decide the direction of monetary policy for the euro area.

2.2 THE BOARD OF DIRECTORS

2.2.1 Composition and operation

The Board of Directors is composed of the governor and five to seven directors. It includes an equal number of French and Dutch speakers, with the possible exception of the governor. The King confers the title of vice-governor on one of the directors. That title was given to Mrs Marcia De Wachter on 1 March 1999. The Board is currently composed of seven members.

The directors are appointed by the King, on the proposal of the Council of Regency, for a renewable term of six years. They may be removed from office by the King only if they no longer fulfil the conditions required for the performance of their duties or if they have been guilty of serious misconduct. The members of the Board of Directors are responsible only for the performance of the duties of their office ; they do not contract any personal obligation owing to the Bank's commitments.

In order to guarantee the independence of the members of the Board of Directors, the Organic Law prohibits them, except in certain cases, from holding office in a commercial company or a company which is commercial in form, or in any public body which carries on an industrial, commercial or financial activity. Moreover, members of the Legislative Chambers, the European Parliament, the Councils of the Communities and Regions, persons who hold the position of minister or secretary of State or of member of the Government of a Community or Region and members of the staff of a member of the Federal Government or of the Government of a Community or Region may not be members of the Board of Directors. This last-mentioned incompatibility also applies to the regents and censors.

The Board of Directors generally meets twice a week and whenever circumstances dictate.

2.2.2. Powers

The Board of Directors is responsible for the administration and management of the Bank and decides the direction of its policy. It appoints and dismisses members of staff and fixes their salaries. It has the right to make settlements and compromises. More particularly, the Board decides on the investment of the capital and reserves after consultation with the Council of Regency and in accordance with the regulations adopted by the ECB. It pronounces on all matters which are not expressly reserved for another organ by law, the Statutes or the internal regulations. Finally, it exercises regulatory power in the cases laid down by law.

2.2.3. Changes occurring in 2000

In 2000 the Bank said farewell to two of its directors.

At the end of February, Robert Reynders resigned in order to become a member of the European Court of Auditors. Mr Reynders is a graduate in economics. He had joined the Bank in 1969, working in the Research Department, and was appointed a director of the Institution in 1990. In that capacity, he has concentrated mainly on the subject of payment systems.

Mr Reynders has held a number of posts in national and foreign institutions. He was always a good team member and demonstrated a thorough knowledge of the matters for which he was responsible.

Mr Jean-Jacques Rey did not request renewal of his term of office which expired on 17 September 2000. Mr Rey is a graduate in economics and financial studies, and a doctor of law. He began his 37-year career at the Bank as a specialist in international monetary questions in the Foreign Department. Appointed as a director in 1988, he has held many posts with European and international institutions. He took part in the preliminary work of various bodies and institutions which contributed to the establishment of European Economic and Monetary Union.

Mr Rey was highly regarded, both nationally and internationally, for his expertise, integrity and experience. His courteous, obliging personality, his wisdom and the impartiality of his judgement won him the esteem and respect of all his colleagues. The Institution is particularly grateful to him for the admirable way in which he performed his duties.

In recognition of their exceptional service, His Majesty the King authorised Mr Reynders and Mr Rey to bear the honorary title of their office.

Mr Peter Praet, doctor of economics and professor at the Université Libre de Bruxelles, was appointed director by a royal decree of 29 September 2000 for a term of six years from 30 October 2000. Pursuant to Article 43 (3) of the Statutes, he also performs the duties of secretary.

2.3. COUNCIL OF REGENCY

2.3.1. Composition and operation

The Council of Regency is composed of the governor, the directors and ten regents. It includes an equal number of French- and Dutch-speaking regents. The regents are elected by the general meeting for a renewable term of three years.

Two regents are chosen on the proposal of the most representative labour organisations, three on the proposal of the most representative organisations from industry and commerce, from agriculture and from small firms and traders, and five on the proposal of the Minister of Finance. The regents may not hold office as managing director, director or manager in a credit institution. They do not contract any personal obligation owing to the Bank's commitments ; they are responsible only for the performance of the duties of their office.

The Council of Regency meets at least twice per month. Resolutions are adopted by a majority of votes.

2.3.2. Powers

The Council exchanges views on general questions concerning the Bank, monetary policy and the economic situation of the country and the European Community. It takes cognisance every month of the Bank's financial situation. On a proposal from the Board of Directors, it lays down the internal regulations, containing the basic rules for the operation of the Bank's organs and the organisation of its departments, services and outside offices. It approves the Annual Report on the Bank's operations. It may specially delegate some of its powers to the Board of Directors. It fixes the individual salaries and pensions of the members of the Board of Directors. These salaries and pensions may not include a share in the profits, and no remuneration whatsoever may be added thereto by the Bank. The Council fixes the amount of the allowance received by the censors. It has power to amend the Statutes of the Bank in order to bring them into line with the Organic Law and the international obligations which are binding on Belgium. Lastly, it approves the expenditure budget and the annual accounts and finally determines the distribution of the profits proposed by the Board of Directors.

2.3.3. Changes occurring in 2000

The regents Tony Vandeputte, Noel Devisch and Christian Dumolin were re-elected by the general meeting of shareholders. They had been nominated respectively by the most representative organisations from industry and commerce, the most representative organisations from agriculture and the Minister of Finance.

Mr Luc Cortebeeck, nominated by the most representative labour organisations, was appointed regent to replace Mr Peirens. All these terms of office will expire after the ordinary general meeting in March 2003.

Although he had not reached the age limit of 67 years, Mr Peirens wished to end his term of office as regent. He has been a member of the Council of Regency for twelve years. In the Institution he has always been a fervent defender of the labour movement while taking due account of the general interest.

The shareholders conferred the title of honorary regent on Mr Peirens.

The Bank was saddened by the death of Mr Raymond Pulinckx, honorary regent, on 1 February 2000. Mr Pulinckx was a member of the Council of Regency from 1970 to 1990. For twenty years he made a valued contribution to the Institution. His extensive knowledge of the economic and social affairs of the country was reflected in discerning opinions. The Bank will always remember his devoted service.

2.3.4. Activities in 2000

In the course of 2000 the Council remained a forum for discussing the economic situation, particularly as regards Belgium and the EU. One of the main subjects addressed was obviously the monetary policy of the Eurosystem and certain challenges which that will present, namely the situation on the financial markets, the new economy, the operation of the market in products, services and labour and the stability programmes. The scenario for the changeover to the euro received special attention. These exchanges of views were stimulated by regular reports on the activities of the main international financial institutions (the ECB, the BIS and the IMF).

The Council of Regency also approved the Annual Report, the expenditure budget and the annual accounts. It finally determined the distribution of the profits.

2.4. GENERAL MEETING

2.4.1. Composition

The Bank's share capital totals four hundred million francs ; it is represented by four hundred thousand shares, of which two hundred thousand registered, non-transferable shares are held by the Belgian State. The general meeting represents the totality of the shareholders. It is composed of the shareholders owning registered shares or bearer shares deposited at least five days before the meeting.

2.4.2. Operation

The ordinary general meeting is held on the last Monday in March or, if that day happens to be a public holiday, the first subsequent bank working day. It hears the administration's Report on the past year's operations and elects the regents and censors whose terms of office expire. The general meeting deliberates concerning the matters mentioned in the convening notices and concerning those submitted to it by the Council of Regency or by the Board of Censors. It may also deliberate concerning proposals, signed by five members, which have been brought to the attention of the Council of Regency at least ten days before the meeting for inclusion in the agenda. If the meeting acknowledges the urgency of other proposals made by the Council of Regency, these will also be included in the deliberations.

In addition, an extraordinary general meeting may be convened whenever the Council of Regency deems fit. A meeting must be convened if it is requested either by the Board of Censors or by shareholders representing one tenth of the capital stock, or if the number of regents or of censors falls below the absolute majority.

Each share confers the right to one vote. All resolutions are adopted by an absolute majority of the votes. Elections or dismissals take place by secret ballot. The vote is held by a roll call on all other proposals.

2.4.3. Meeting on 27 March 2000

In accordance with Article 61 of the Statutes, the ordinary general meeting of shareholders was held on 27 March 2000.

Pursuant to Article 64 of the Statutes, the two shareholders present holding the largest number of shares and not forming part of the administration were appointed as scrutineers. They found that the provisions of the Statutes concerning convocation and participation in the meeting had been respected.

The governor first reported to the meeting on the operations of the financial year 1999 and went on to answer questions from shareholders. He then read out the report of the Bank's Works Council, which had

examined the annual information at the meeting of 23 March 2000. After that, he announced the names of the candidates for the offices of regent and censor which had expired or become vacant.

3. SUPERVISION

3.1. REPRESENTATIVE OF THE MINISTER OF FINANCE

The representative of the Minister of Finance – the Government Commissioner – attends, ex officio, the meetings of the Council of Regency and the Board of Censors. He attends in an advisory capacity. Except as regards the tasks and operations within the domain of the ESCB, he supervises the Bank's activities and suspends and brings to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State. If the Minister of Finance has not given a decision within eight days of the suspension, the decision may be implemented.

The representative of the Minister reports to the Minister of Finance each year on the performance of his duties.

Except as regards operations within the domain of the ESCB, the representative of the Minister of Finance has the right to take cognisance at any time of the state of business and to check the accounts and the cash holdings. He attends the general meetings when he deems fit. The Bank's management is required to provide him, whenever he so requests, with a certified true copy of the Bank's financial statement.

3.2. AUDITORS

The auditors assist the Works Council and certify the annual accounts and miscellaneous information requested by the ECB. They were appointed for a three-year term by the ordinary general meeting of 22 February 1999.

3.3. THE BOARD OF CENSORS

3.3.1. Composition and operation

The Board of Censors is composed of ten members. It includes an equal number of French and Dutch speakers. The censors are elected by the general meeting of shareholders for a renewable term of three years. Their term of office ends on their 67th birthday. They are chosen from among persons with special qualifications in the field of supervisory procedures. The censors do not contract any personal obligation owing to the Bank's commitments; they are responsible only for the performance of the duties of their office.

The Board meets at least twice per quarter. Its resolutions are adopted by a majority of the votes cast. Its report is published at the end of the present Annual Report.

3.3.2. Powers

The Board of Censors' task is to supervise the preparation and implementation of the budget.

3.3.3. Changes occurring in 2000

The general meeting of shareholders renewed the term of office of three censors, Mr Philippe Grulois, Baron Dominique Collinet and Mr Jean-François Hoffelt. These terms of office will expire after the ordinary general meeting in March 2003.

Mr Willy Danckaert, honorary censor, died on 1 July 2000. Mr Danckaert sat on the Board of Censors from 1984 to 1996. The balanced views which he expressed reflected his wealth of experience of economic life in general, and the financial sector in particular. The Bank will always remember Mr Danckaert as a man of integrity and great tact.

ADMINISTRATION AND SUPERVISION

Governor : Mr Guy QUADEN

Vice-governor : Mrs Marcia DE WACHTER

Directors¹ : Messrs Jean-Pierre PAUWELS
Jan SMETS
Mrs Françoise MASAI, Director-Treasurer
Messrs Jean HILGERS
Peter PRAET², Director-Secretary

Regents :
Messrs Tony VANDEPUTTE
Philippe WILMES
Eddy WYMEERSCH
Noël DEVISCH
François MARTOU
Michel NOLLET
Christian DUMOLIN
Gérald FRERE
Jacques FOREST
Luc CORTEBEECK³

Censors :
Messrs Christian D'HOOGH, chairman
Philippe GRULOIS, secretary
Maurice CHARLOTEAUX
Herman VERWILST
Baron Paul BUYSSE
Petrus THYS
Baron Dominique COLLINET
Paul-F. SMETS
Rik BRANSON
Jean-François HOFFELT

Government Commissioner : Mr Grégoire BROUHNS

Monetary Circulation Co-ordinator : Mr Serge BERTHOLOME

ADVISORS TO THE BOARD OF DIRECTORS

Messrs Henri BARBE
Jos LEEMANS
Jean-Pierre BRISE

*
* *
*

AUDITORS

KPMG Auditors, represented by Mr Pierre BERGER
Deloitte & Touche Auditors, represented by Mrs Danielle JACOBS

¹ Mr Robert Reynders and Mr Jean-Jacques Rey performed the duties of director until 29 February and 16 September 2000 respectively.

² Since 30 October 2000.

³ Elected by the ordinary general meeting on 27 March 2000 to succeed Mr Willy Peirens.

DEPARTMENTS AND SERVICES

Accounting and Budgetary Control Department – Mr C. DEKEYSER, Assistant Director

Accounting	
Head	Mr L. HENRY, Head of Division
Head of Division	Mr M. HINCK
Budgetary control	
Head	Mr J. VANDEUREN, Inspector General
Head of division	Mr R. VAN KEYMEULEN

Data Exchange Department – Mr P. TELLIER, Assistant Director

Cashless payments	
Head	Mr A. VAES, Inspector General
Heads of division	Messrs V. DECONINCK, J. VERMEULEN
Central Balance Sheet Office	
Head	Mr A. LENAERT, Inspector General
Heads of division	Mrs E. DE GROOTE, Mrs C. BUYDENS
Advisor	Mr C. RUBENS
Central Credit Offices	
Head	Mr R. TROGH, Inspector General
Heads of Division	Messrs D. MURAILLE, P. BISSOT

Equipment and General Services Division – Mr K. VANDENEDE, Assistant Director

Equipment and Technical Services	
Head	Mr P. LAUWERS, Inspector General
Architects	Messrs J.-C. NAVEZ, J.-M. DE VOS
Heads of Division	Messrs H. DE TROYER, D. VANDE PUTTE, R. VAN CAUWENBERGE
General Services	
Head	Mr A. KOZYNS, Inspector General
Head of Division	Mr J.-M. BRAET

Financial Markets Department – Mrs A. VAN DEN BERGE, Inspector General

Department Advisor	Mr H. DEBREMAEKER
Back Office	
Head	Mr F. DEPUYDT, Inspector General
Heads of Division	Mr F. WITHOFS, Mrs S. MASKENS
Front Office	
Head	Mr E. DE KOKER, Head of Division
Advisors	Messrs N. VANDECAN, E. LAVIGNE, Y. PIRLET, P. DEMARSIN
Systems Engineer	Mrs M. HUART
Government Cashier	
Head	Mr H. SMISSAERT, Inspector General
Heads of Division	Messrs R. VAN HEMELRIJCK, M. RUBENS
Securities Accounts	
Head	Mr W. STEPPE, Inspector General
Heads of Division	Messrs R. ROTHANS, L. EICHER, G. TEMMERMAN, C. STAS

General Secretariat Department – Mr L. GHEKIERE, Assistant Director

Inspector General	Mr J. MAKART
Head of division	Mrs D. CAPPUYNS
Secretariat	
Head	Mr M. VAN CAMPEN, Inspector General
Head of Division	Mr J. CALLEBAUT
Secretariat of the Board of Directors	
Head	Mr L. AELES, Head of Division
Advisor	Mr A. BEVERNAGE

General Statistics Department – Mr J.-J. VANHAELEN, Department Advisor

Inspector General	Mr G. POULLET
Balance of Payments	
Head	Mr G. MELIS, Inspector General
Heads of Division	Messrs M. EECKHOUT, P. LAMBOT, P. SARLET, R. DE BOECK, P. D'HAVE, B. VEREERTBRUGGHEN

Databank unit	
Inspector General	Mr A. WOUTERS
Advisor	Mr J. PALATE
External Trade Statistics	
Head	Mr J. DAENEN, Head of division
Head of division	Mr P. BOBYR
Financial and Economic Statistics	
Head	Mr R. ACX, Inspector general
Advisors	Messrs B. DEKEYSER, H. SAUVENIERE, G. DETOMBE, O. COENE, C. MODART
Heads of Division	Messrs G. VAN GASTEL, J. WIELEMANS

Planning, Organisation and IT Department – Mr H. BARBE, Advisor to the Board of Directors

Department Advisor	Mr J. MOERMAN
Data Security Management	
Inspector General	Mr A. HUET
Advisor	Mr L. DELAISSE
Electronic Centre	
Head	Mr L. DUFRESNE, Inspector general
Systems Engineers	Messrs M. CHARLIER, L. ESPAGNET
Senior Analyst	Mrs A. VANDERBUSSE
IT Development	
Head	Mr J.-P. HOYOS, Inspector General
Inspectors general	Messrs P. LAUWERS, J. FRANCOIS
Senior Analysts	Mrs H. VAN HECKE, Messrs J.-M. PLISNIER, E. DE SMET, M. DUCHATEAU, Mrs J. MERTENS
Systems Engineer	Mr P. MARECHAL
Advisors	Messrs M. ZWAENPOEL, P. DEHOORNE
IT Infrastructures	
Head	Mr P. SAPART, Inspector General
Inspector General	Mr G. VANGHELUWE
Systems Engineers	Messrs G. DUMAY, U. MOMMEN, S. PIERLOT
IT Planning Unit	
Inspector General	Mr B. GROETEMBRIL
Advisor	Mrs C. SWARTENBROEKX

Organisation

Head	Mr H. DEVRIESE, Head of Division
Advisors	Messrs P. MOUS, R. VANDEN EYNDE
Senior Analyst	Mrs A.M. LEJEUNE

Printing Works – Mr M. SALADE, Assistant Director

Administrative Service

Head	Mr Y. TIMMERMANS, Inspector General
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Technical Service

Head	Mr G. PONNET, Head of Division
Head of Division	Mr L. BODRANGHIEN

Research Department – Mrs A.-M. PEETERS, Assistant Director

Chief Advisor	Mr H. FAMEREE
Deputy Head of Department	Mr I. MAES, Economist
Special Assignments	Mr W. VERTONGEN, Inspector General
Department Advisors	Messrs A. NYSENS, E. JACOBS, J. CLAEYS, Mrs F. DONKERS, Messrs V. PERILLEUX, M. DOMBRECHT, T. TIMMERMANS
Economists	Messrs D. GOSSET, P. DELHEZ, L. AUCREMANNE, L. DRESSE, Mrs E. DE PREST, Mr P. MOES
Documentation	
Head	Mr G. DE RIDDER, Inspector general
Advisor	Mr S. ESSIQUE
Head of Division	Mrs G. VAN HOVE

Social Affairs Department – Mr J. LEEMANS, Advisor to the Board of Directors, Personnel manager

Personnel Management

Head	Mr R. VAN KEYMEULEN, Inspector General
Heads of division	Messrs G. VAN CAMP, R. THIRION, M. DRION
Advisor	Mr J. DEVARREWAERE

Training	
Head	Mr J.-L. LION, Inspector General
Advisor	Mrs S. ZONIOS
Heads of division	Messrs L. LAGAE, Y. RANDAXHE

Wages and Social Affairs Administration	
Head	Mr A. REITER, Inspector General

Services reporting directly to a member of the Board of Directors

Audit	
Head	Mr L. JANSSENS, Inspector General
Heads of Division	Messrs D. VANDEN BROECK, P. DE PICKER, P. VAN GYSEGEM
Inspector	Mr M. MATTENS

Central Cash Office	
Chief Cashier	Mr M. VAN BAELEN, Inspector General
Heads of Division	Messrs G. PIROT, M. VANVOOREN

Collections, Works of Art and Exhibitions	
	Mrs C. LOGIE, Inspector General

Euro Unit	
Heads of Division	Messrs J. DELPEREE, N. JIJAKLI

Governor's Office	
Inspector General	Mr P. QUINTIN
Advisor	Mrs K. BOSMAN

Inspection	
Head	Mr D. VERMEIREN, Inspector General
Inspector	Mrs J. SIMAR
Head of Division	Mr M. JOOS

International Co-operation	
Head	Mr D. SERVAIS, Inspector General
Inspector General	Mr P. VIGNERON
Department Advisor	Mr D. OOMS
Advisors	Mrs G. BIRON, Messrs P. LEFEVRE, J. PISSENS
Head of Division	Mr B. BOURTEMBOURG

Internal Prevention and Safety Service	
Head	Mr D. DENEË, Inspector General
Head of Medical Supervision	Mr A. DE LANDTSHEER
Doctors	Messrs V. DONS, C. VAN LAETHEM
Legal Service	
Head	Mr J.-P. BRISE, Advisor to the Board of Directors
Department Advisor	Mr J. DE WOLF
Security and Supervision	
Head	Mr J.-P. DE JONGE, Head of Division
Services reporting to the Monetary Circulation Co-ordinator	
Advisor	Mr E. COLMAN

Branches and Agencies Department – Mr M. SIMAL, Assistant Director

Department Advisor	Mr J. HELFGOTT
Seconded Agent	Mr A. VERHELST, Inspector General

Branches

Antwerp	
Administrator	Mr L. VAN DER VEKEN, Assistant Director
Inspector General	Mr F. SERCKX
Heads of Division	Messrs F. VAN NIEUWENHOVE, J. LIBENS
Liège	
Administrator	Mr Y. LEBLANC, Assistant Director

Agencies

Arlon	
Agent	Mr R. HAENECOUR, Head of Division
Bruges	
Agent	Mr P. TACK, Inspector General
Head of Division	Mr P. BOGAERT
Charleroi	
Agent	Mrs J. DE BEER, Inspector General
Ghent	
Agent	Mr J. VICTOR, Inspector General
Hasselt	
Agent	Mr T. DE ROOVER, Inspector General
Head of Division	Mr R. MAES
Kortrijk	
Agent	Mr L. MUYLAERT, Inspector General
Head of Division	Mr J. PANNEEL

Leuven		
	Agent	Mr M. DE GEYTER, Head of Division
Mons		
	Agent	Mr R. COLSON, Inspector General
Namur		
	Agent	Mrs J. ROUMA, Head of Division

Representation Offices

Aalst		
	Manager	Mr O. VANDEN DOOREN, Office Manager
Turnhout		
	Manager	Mr J. VAN DEN EYNDE, Head of Main Section
Wavre		
	Manager	Mr P. DEGEMBE, Head of Main Section

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* * *

Seconded to the Office of Mr Verhofstadt, Prime Minister,
Mr L. COENE, Department Advisor

Seconded to the Office of Mrs Durant, Vice-Prime Minister and Minister for Mobility and Transport,
Mr J. MONT, Advisor

Seconded to the Office of Mr Reynders, Minister of Finance,
Mr M. MARECHAL, Economist

Seconded to the Office of Mr Michel, Minister of Internal Affairs and the Civil Service (Walloon Government),
Mr J.-M. VAN ESPEN, Advisor

On mission at the Belgian Permanent Representation with the European Union,
Mr H. BUSSERS, Department Advisor

On mission at the Belgian Permanent Representation with the Organisation for Economic
Co-operation and Development, Paris,
Mr D. SLAATS, Advisor

On mission at the International Monetary Fund, Washington,
Mr L. HUBLOUE, Advisor

On mission at the Office of the Belgian Executive Director at the International Monetary Fund,
Washington,
Mr C. JOSZ, Advisor

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* * *

The Bank was saddened by the death in 2000 of three members of its staff : Mrs Anne Coenen, Mr Guillaume Marcelis and Mr Gerard Tuymans.

The Bank will always remember them.

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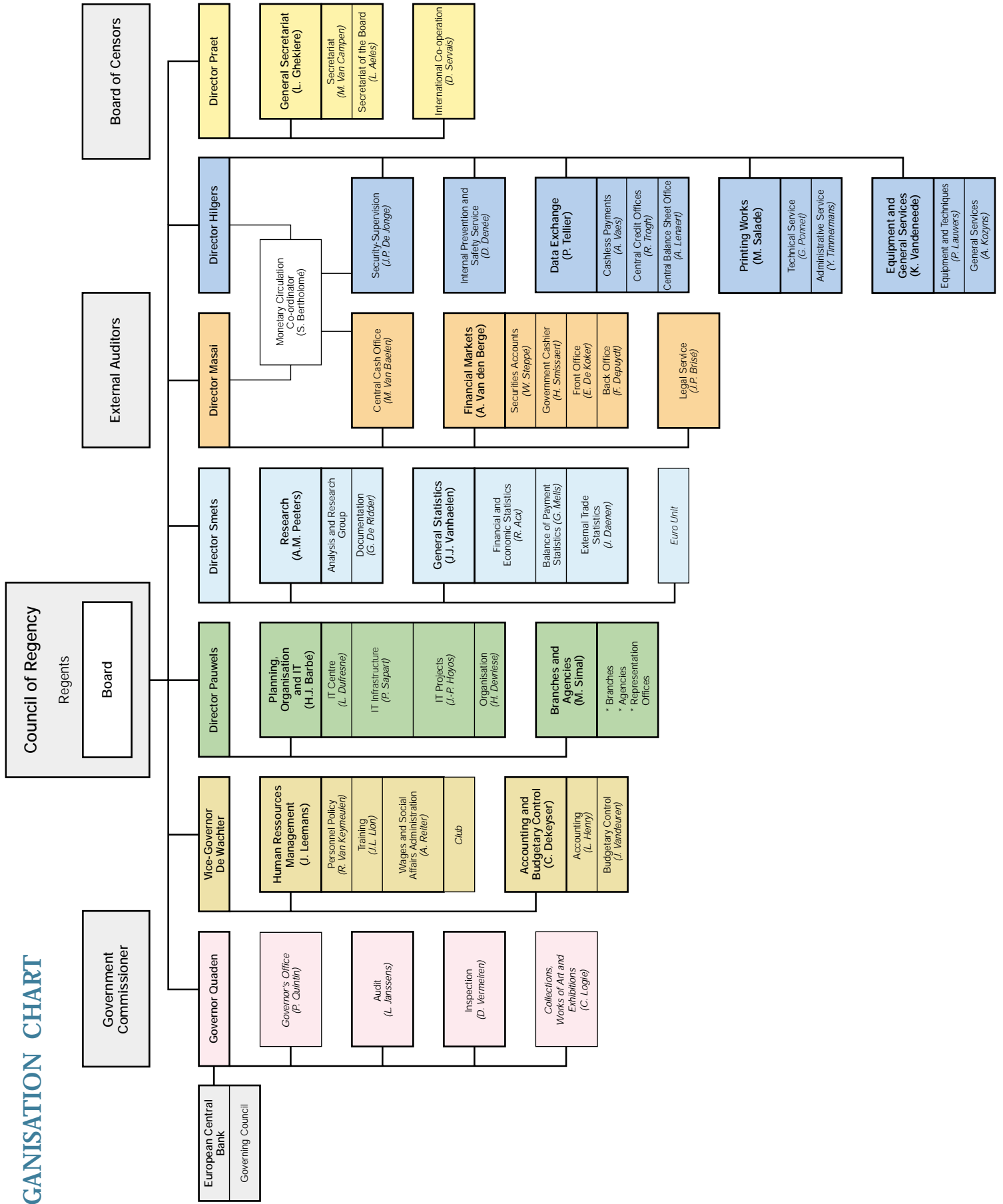
The Bank wishes to express its gratitude to the members of the managerial and supervisory staff who reached the end of their careers :

Mr Joannes Tavernier, advisor, and Mr Robert Beerens, head of division.

It also thanks the following members of the clerical staff whose careers came to an end during the past year :

Mrs Maria Aerts, Mr André Alleweireldt, Mrs Georgette Baele, Mrs Annie Baert, Mrs Odette Blondiau, Mrs Agnès Bosch, Mrs Marie-Thérèse Browaeyns, Mrs Astrid Bulcke, Mr Marcel Cautaerts, Mr Martinus Claesen, Mr Daniel Cornelis, Mr Paul Costers, Mr Serge Coupé, Mr Roger De Blaes, Mr Benny De Bondt, Mrs Agnès de Clippele, Mr Armand De Greveleer, Mrs Jeanne De Hertogh, Mrs Nicole De Jonghe, Mr René Delmarcelle, Mrs Annie Demol, Mrs Monique De Pauw, Mr Robert De Prins, Mr Edouard Dewael, Mrs Christiana Dewandeleer, Mrs Annie D'Hauwer, Mr Roger Doeuillet, Mrs Agnès Dubois, Mr Axel Froment, Mrs Christiana Gatz, Mrs Josiane Gielis, Mr Georges Gordts, Mr Paul Haeleydt, Mr Lucien Hamelryck, Mr Franciscus Heylen, Mr Ludovicus Heylen, Mr Norbert Huyskens, Mr Stephan Kesler, Mr Antoine Kockx, Mrs Yvonne Lavigne, Mr Fernand Loockx, Mr Eduard Maes, Mr Hubert Meulemans, Mrs Annie Neukermans, Mr Lucien Nobels, Mr Claudy Pietroons, Mr Jozef Poelmans, Mr Lionel Pottier, Mr Godfried Puis, Mr André Rapaille, Mr Robert Rom, Mrs Jenny Roosen, Mrs Paulette Schoonderwoerd, Mr Roger Sempels, Mrs Berthe Seynaeve, Mrs Francina Spinnoy, Mrs Linda Stichelmeyer, Mr Roger Swennen, Mr Rogier Tack, Mr François Thielemans, Mr Willy Thielemans, Mrs Jeannine Van Cauter, Mr Erik Vandemoortele, Mrs Gilberte Vanden Berghe, Mrs Josephine Van den Borre, Mr François Vander Eeckt, Mr René Vander Eeckt, Mrs Myriam Vandersaenen, Mr François Vanderschelde, Mr Jean Vanhaelen, Mr François Vanisterdael, Mrs Emilienne Vankerckhove, Mrs Micheline Vanlede, Mrs Monique Vanschoubrouck, Mr Roger Verhasselt, Mrs Gisella Verleye, Mr Guy Vertongen, Mrs Maria Vervaet, Mrs Rachel Vervaet, Mr Paul Vieren, Mr Franciscus Vranckx, Mr Willy Wouters and Mr Jules Wyns.

V. ORGANISATION CHART



Annual accounts

I. REPORT OF THE COUNCIL OF REGENCY ON THE ANNUAL ACCOUNTS

The Council of Regency examined the annual accounts at 31 December 2000. These documents were presented to it by the Committee of the Board of Directors in accordance with the statutory provisions of Article 44.

The Council took note of the report submitted by the auditors for the financial year 2000. Then it approved, on 21 February 2001, the annual accounts for the financial year 2000 and the administration was thus given discharge. Finally, during the same session it definitively determined the distribution of profits for the financial year.

The Council of Regency:

Mr	Guy QUADEN,	<i>Governor</i>
Mrs	Marcia DE WACHTER,	<i>Vice-Governor</i>
Messrs.	Jean-Pierre PAUWELS,	<i>Director</i>
	Jan SMETS,	<i>Director</i>
Mrs	Françoise MASAI,	<i>Director</i>
Messrs.	Jean HILGERS,	<i>Director</i>
	Peter PRAET,	<i>Director</i>
	Tony VANDEPUTTE,	<i>Regent</i>
	Philippe WILMES,	<i>Regent</i>
	Eddy WYMEERSCH,	<i>Regent</i>
	Noël DEVISCH,	<i>Regent</i>
	François MARTOU,	<i>Regent</i>
	Michel NOLLET,	<i>Regent</i>
	Christian DUMOLIN,	<i>Regent</i>
	Gérald FRERE,	<i>Regent</i>
	Jacques FOREST,	<i>Regent</i>
	Luc CORTEBEECK,	<i>Regent</i>

II. ACCOUNTING PRINCIPLES AND VALUATION RULES

CHANGES TO THE PRESENTATION OF THE BALANCE SHEET

The Bank has made the presentation of its balance sheet conform to that of the Eurosystem, as modified by the decision of 14 December 2000 of the Governing Council of the European Central Bank.

Thus, the former asset item 5.7 entitled "Other claims" has become item 6 "Other claims on euro area credit institutions denominated in euro". This change was made in order to ensure that asset item 5 reflects only the monetary policy operations of the Eurosystem.

A new liability item 3 entitled "Other liabilities to euro area credit institutions denominated in euro" was also created in order to reflect liabilities to credit institutions which are not related to the monetary policy of the Eurosystem.

The numbering of the balance sheet items on both the assets and the liabilities side has been modified accordingly.

Lastly, the Governing Council of the European Central Bank decided, on 14 September 2000, that claims and debts between NCBs, whether or not members of the Eurosystem, connected with the TARGET payment system would, with effect from 30 November 2000, be compensated by novation and replaced by a net position on the European Central Bank.

(in millions of euros)

Items on the assets side		
4	Balance as at 31 December 1999:	255.9
	Amount transferred to liabilities item 9.2:	-246.8
	New balance:	9.1
8.3	Balance as at 31 December 1999:	3,855.2
(formerly 7.3)	Amount transferred to liabilities item 9.2:	-3,855.2
	New balance:	-
Items on the liabilities side		
5	Balance as at 31 December 1999:	6,737.4
(formerly 4)	Amount transferred to liabilities item 9.2:	-6,400.0
	New balance:	337.4
9.2	Balance as at 31 December 1999:	13,978.0
(formerly 8.2)	Amount transferred from the above items:	2,298.0
	Other liabilities to the Eurosystem (net):	16,276.0

In case of a net claim, this is recorded in sub-item 8.3 entitled "Other claims within the Eurosystem (net)" on the assets side ; in the case of a net debt, this is recorded in sub-item 9.2 "Other liabilities within the Eurosystem (net)" on the liabilities side.

These changes in the presentation of the assets and liabilities side necessitated adjustments to the balance sheet for the previous financial year in order to make the last two financial years comparable. These adjustments, which are described in detail at the previous page, had no incidence on either the Bank's net worth or its results.

GENERAL

The annual accounts are presented in accordance with the European Central Bank's guideline of 1 December 1998, last amended on 14 December 2000.

The accounts, which are drawn up on an historical cost basis, are adjusted to take account of the valuation at market prices of negotiable instruments (other than those belonging to the statutory portfolio), of gold and of all the elements, both in-balance-sheet and off-balance-sheet, denominated in foreign currencies.

Transactions relating to financial assets and liabilities are recorded in the accounts on the date on which they are settled.

ASSETS AND LIABILITIES IN GOLD AND FOREIGN CURRENCIES

Assets and liabilities in gold and foreign currencies are converted into euros at the exchange rate in force on the balance sheet closing date. Proceeds and costs are converted at the exchange rate prevailing on the date of the transaction.

Foreign currencies are revalued on a currency-by-currency basis ; the revaluation includes both on-balance-sheet and off-balance-sheet items.

Securities are revalued at market prices separately from the revaluation of foreign currencies at their market exchange rates.

Gold is revalued on the basis of the euro price per fine ounce as derived from the quotation in US dollars established at the time of the London fixing on the last working day of the year.

SECURITIES

Fixed-income negotiable securities denominated in foreign currencies and in euros are valued at the market price prevailing on the balance sheet date. Securities are revalued on the basis of their ISIN code, apart from securities held in the statutory investment portfolio, recorded under sub-item 9.3 "Other financial assets", which are treated as a separate portfolio and booked at their actuarial value.

PARTICIPATIONS

The participations which the Bank holds in the form of shares representing the capital of various institutions are recorded in the balance sheet at their acquisition price.

(REVERSE) REPURCHASE AGREEMENTS

A repurchase agreement is a sale of securities in which the transferor expressly undertakes to repurchase them and the transferee expressly agrees to sell them back at an agreed price and on an agreed date.

The transferor records, on the liabilities side of the balance sheet, the amount of the liquidity received as a debt to the transferee and values the securities ceded in accordance with the accounting rules applicable to the securities portfolio in which they are held.

The transferee, for his part, records on the assets side of his balance sheet a claim on the transferor corresponding to the amount paid out, while the securities acquired are not recorded in the balance sheet but off-balance-sheet.

The above-mentioned transactions are regarded by the Bank as repurchase agreements or reverse repurchase agreements depending on whether it acts as transferor or transferee of the securities.

Repurchase agreements and reverse repurchase agreements which relate to securities denominated in foreign currencies have no effect on the average cost price of the position in the currency in question.

INCOME RECOGNITION

1. The recognition of income is determined in accordance with the following rules :
 - income and expenses are assigned to the exercise during which they are earned or incurred ;
 - realised gains and losses are taken to the profit and loss account ;
 - at the end of the year, positive revaluation differences (on securities and external reserves) are recorded in the revaluation accounts on the liabilities side of the balance sheet ;
 - negative revaluation differences are first of all deducted from the corresponding revaluation account, any balance then being taken to the profit and loss account. In the latter case, exchange losses are covered by a transfer from the provision for future exchange losses ;
 - losses included in the result are not offset during subsequent years by new positive revaluation differences. There is no netting, either, between negative revaluation differences on a security, currency or asset in gold against positive revaluation differences on other securities, currencies or gold ;

- for gold, no distinction is made between the revaluation differences on the price of gold and those on the currency in which this price is expressed ;
 - in order to calculate the acquisition cost of securities or currencies that are sold, the average cost method is used on a daily basis. At the end of the year, if any negative revaluation differences are taken to the profit and loss account, the average cost of the asset in question (gold, currency or security) is adjusted downwards to the level of the current exchange rate or market price value thereof.
2. Premiums or discounts arising from the difference between the average acquisition cost and the redemption price of securities are presented as part of interest income and amortised over the remaining life of the line of securities in question.

POST-BALANCE-SHEET EVENTS

Assets and liabilities are adjusted to take account of events occurring between the balance sheet date and the date on which the annual accounts are approved by the Bank's Council of Regency if such events have a material effect on the assets and liabilities items of the balance sheet.

TREATMENT OF TANGIBLE FIXED ASSETS

Land, buildings, plant, machinery and equipment are recorded at their acquisition cost value.

Buildings under construction are recorded at the cost actually paid.

Apart from land, investments, including ancillary costs, are written off entirely within the year in which they are acquired.

VALUATION OF STOCKS

Stocks are valued at their acquisition value, except for stocks of banknote paper for the Bank's own use which are taken direct to the profit and loss account.

OFF-BALANCE-SHEET INSTRUMENTS

The accounting treatment of off-balance-sheet instruments is based on the following rules. Forward foreign exchange transactions, such as the forward leg of currency swaps and any other foreign currency instruments involving the exchange of one currency for another at a future date, are included in the net foreign exchange position for the purpose of calculating exchange gains and losses. Interest-rate instruments are revalued individually. Gains and losses arising from off-balance-sheet instruments are established and treated in the same way as those appearing in the balance sheet.

III. ANNUAL ACCOUNTS AS AT 31 DECEMBER 2000

1. ANNUAL ACCOUNTS

BALANCE SHEET

(before distribution of profit)

ASSETS

(thousands of euro)

	31.12.2000	31.12.1999
1. Gold and gold receivables	2,431,485	2,402,507
2. Claims on non-euro area residents denominated in foreign currency	10,740,780	10,885,054
2.1 Receivables from the IMF	2,615,983	2,807,152
2.2 Balances with banks and security investments, external loans and other external assets	8,124,797	8,077,902
3. Claims on euro area residents denominated in foreign currency	459,103	138,167
4. Claims on non-euro area residents denominated in euro	9,456	9,071
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	15,441,034	20,456,952
5.1 Main refinancing operations	14,811,034	5,436,956
5.2 Longer-term refinancing operations	630,000	15,015,000
5.3 Fine-tuning reverse operations	–	–
5.4 Structural reverse operations	–	–
5.5 Marginal lending facility	–	4,996
5.6 Credits related to margin calls	–	–
6. Other claims on euro area credit institutions denominated in euro	313	1,288
7. Securities of euro area residents denominated in euro	3,629,307	3,683,056
8. Intra-Eurosystem claims	1,576,611	1,576,362
8.1 Participating interest in ECB capital	143,290	143,290
8.2 Claims equivalent to the transfer of foreign currency reserves	1,432,900	1,432,900
8.3 Other claims within the Eurosystem (net)	421	172
9. Other assets	2,226,502	2,159,269
9.1 Coins of euro area	6,795	9,966
9.2 Tangible and intangible fixed assets	326,607	320,235
9.3 Other financial assets	1,359,671	1,325,696
9.4 Off-balance sheet instruments revaluation differences	996	–
9.5 Accruals and deferred expenditure	309,114	308,924
9.6 Sundry	223,319	194,448
TOTAL ASSETS	36,514,591	41,311,726

LIABILITIES*(thousands of euro)*

	31.12.2000	31.12.1999
1. Banknotes in circulation	12,905,356	12,947,255
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	7,129,800	3,509,187
2.1 Current accounts (covering the minimum reserve system)	7,129,800	3,458,846
2.2 Deposit facility	–	50,341
2.3 Fixed-term deposits	–	–
2.4 Fine-tuning reverse operations	–	–
2.5 Deposits related to margin calls	–	–
3. Other liabilities to euro area credit institutions denominated in euro	–	–
4. Liabilities to other euro area residents denominated in euro	83,479	95,880
4.1 General government	62,176	64,270
4.2 Other liabilities	21,303	31,610
5. Liabilities to non-euro area residents denominated in euro	179,736	337,368
6. Liabilities to euro area residents denominated in foreign currency	–	–
7. Liabilities to non-euro area residents denominated in foreign currency	982,736	569,854
8. Counterpart of special drawing rights allocated by the IMF	679,386	662,349
9. Intra-Eurosystem liabilities	6,536,213	16,275,947
9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates	–	–
9.2 Other liabilities within the Eurosystem (net)	6,536,213	16,275,947
10. Other liabilities	1,481,878	1,046,929
10.1 Off-balance sheet instruments revaluation differences	–	10,049
10.2 Accruals and deferred income	14,279	8,523
10.3 Sundry	1,467,599	1,028,357
11. Provisions	988,156	798,141
11.1 For future exchange losses	614,320	441,120
11.2 For new premises	10,540	19,040
11.3 For contingencies	363,296	330,003
11.4 For loss from the ECB	–	7,978
12. Revaluation accounts	4,080,642	3,674,206
13. Capital and reserve fund	1,368,499	1,337,721
13.1 Capital	9,916	9,916
13.2 Reserve fund:		
Statutory reserve	93,287	89,580
Extraordinary reserve	953,116	932,616
Amortisation accounts in respect of tangible fixed assets	312,180	305,609
14. Profit for the year	98,710	56,889
TOTAL LIABILITIES	36,514,591	41,311,726

PROFIT AND LOSS ACCOUNT*(thousands of euro)*

	2000	1999
I. Proceeds of net interest-bearing assets	792,153	349,234
1. Interest income	1,286,299	900,427
2. Interest expenses (-)	-480,303	-321,109
3. Capital gains (-losses (-)) on securities	-14,271	-222,278
4. Allocation of monetary income from the Eurosystem	428	172
5. Appropriation to the provision for covering losses from the ECB (-)	-	-7,978
II. Foreign exchange difference results	200,223	260,956
1. Foreign exchange difference results	373,423	374,856
2. Write-back of provision for future exchange losses (appropriation (-))	-173,200	-113,900
III. Commission	3,531	2,576
1. Commission received	5,041	3,251
2. Commission paid (-)	-1,510	-675
IV. Amounts recovered from third parties	53,426	50,553
V. Proceeds from statutory investments	95,004	95,857
VI. Other proceeds	2,555	404
VII. State share (-)	-495,640	-123,526
1. Proceeds from net interest-bearing assets (art. 29)	-369,752	-86,121
2. Proceeds fully assigned to the State	-41,931	-29,981
3. Foreign exchange difference results	-83,957	-7,424
VIII. Transfer to the unavailable reserve of capital gains on gold (-)	-	-177,115
IX. General expenses (-)	-233,022	-213,580
1. Remuneration and social costs	-185,791	-175,277
2. Other expenses	-47,231	-38,303
X. Exceptional costs (-)	-12,508	-28,192
XI. Depreciation of tangible fixed assets (-)	-29,415	-30,456
XII. Provisions	-24,793	411
1. Write-back of provisions for new premises (appropriation (-))	8,500	15,590
2. Write-back of provisions for contingencies (appropriation (-))	-33,293	-15,179
XIII. Taxes and dues (-)	-252,804	-130,233
NET PROFIT FOR THE FINANCIAL YEAR	98,710	56,889

OFF-BALANCE SHEET ITEMS

<i>(thousands of euro)</i>	31.12.2000	31.12.1999
Forward transactions in foreign currencies		
Forward claims	20,012	364,672
Forward liabilities	18,706	369,902
Liabilities which could lead to a credit risk		
Undertakings towards international institutions	280,017	571,622
Valuables and claims entrusted to the Institution		
For encashment	2,889	1,074
Assets administered on behalf of the Treasury	118,094	89,780
Assets administered on behalf of the ECB	1,570,319	1,721,235
Custody deposits	283,308,200	277,735,007
Capital to be paid up on shares of the BIS	120,155	111,292
Agreement to cover potential losses from the ECB	p.m.	p.m.

DISTRIBUTION OF PROFIT*(thousands of euro)*

	2000	1999
Profit for the year	98,710	56,889
The profit is distributed as follows :		
Appropriation to the extraordinary reserve	61,500	20,500
Distribution of the balance in accordance with Article 49 of the statutes :		
1. To the shareholders a first dividend of 6 %	595	595
2. Of the amount in excess of this :		
a) 10 % to the statutory reserve	3,662	3,579
b) 8 % to the staff	2,929	2,864
3. Of the amount in excess of this :		
a) to the State, one fifth	6,005	5,870
b) to the shareholders, a second dividend	23,993	23,353
c) the balance to the statutory reserve	26	128

Subject to approval by the general meeting of 26 March 2001, the dividend will be payable from 28 March 2001 on presentation of coupon No. 199 :

	Gross amount	Withholding tax	Net amount
Dividend per share in euro	61.47	15.37	46.10

BALANCE SHEET**2. EXPLANATORY NOTES TO THE ANNUAL ACCOUNTS*****ASSETS******1. GOLD AND GOLD RECEIVABLES***

As at 31 December 2000 holdings of gold, including gold receivables, amounted to 8.3 million fine ounces, or about 258.1 tonnes of fine gold, as at the end of the previous financial year.

On the balance sheet date, gold is valued on the basis of the euro price per fine ounce derived from the quotation in US dollars established at the London fixing on 29 December 2000.

This price, notified by the ECB, amounts to € 293.010 per fine ounce of gold (€ 9,420.49 per kilogram of fine gold), against € 289.518 per fine ounce (€ 9,308.22 per kilogram of fine gold) at the end of 1999.

2. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Under this item are recorded the Bank's foreign exchange reserve holdings with counterparties situated outside the euro area (including international and supranational institutions and central banks that are not members of the Eurosystem).

This item is broken down into two sub-items :

- receivables from the International Monetary Fund (IMF) ;
- balances held on accounts with banks which do not belong to the euro area as well as securities, loans and other foreign currency assets issued by non-residents of the euro area.

2.1 Receivables from the IMF

Under Article 1 of the agreement of 14 January 1999 between the Belgian State and the Bank determining certain procedures for implementing Article 9 of the law of 22 February 1998 fixing the Bank's Organic Statutes, the Bank carries the rights that the State holds as a member of the IMF in its accounts as its own assets. Article 9, paragraph 2, of the Organic Law goes on to stipulate that the State shall indemnify the Bank against any loss and shall guarantee the repayment of any loan granted by the Bank for the purpose of these operations.

These receivables are valued at the market rate as communicated by the ECB on 29 December 2000. On the balance sheet date this rate was 1 € = SDR 0.7142 (1 € = SDR 0.7326 at the end of 1999).

– ***Special drawing rights (SDRs)***

SDRs are reserve assets created ex nihilo by the IMF and allocated by it to its members. SDRs are used in transactions between official monetary authorities. This item is subject to fluctuations as a result of encashments and interest payments and transactions with other countries and with the Fund. The most recent allocation was made in 1981.

The SDR holding recorded on the SDR account reached SDR 235.8 million on 31 December 2000, against SDR 197.1 million a year earlier. Net usage of SDR holding on the balance sheet date amounted to SDR 249.4 million.

– ***Participation in the IMF***

This claim represents the euro equivalent of Belgium's reserve tranche, – i.e. the rights that the Belgian State has as a member of the IMF. These rights correspond to the difference between Belgium's quota in the IMF, namely SDR 4,605.2 million, and the Fund's holdings of euros with the Bank. They may be sold to the IMF at any time in order to obtain convertible currencies for financing a balance of payments deficit.

The change in the amount of these rights may also result from the granting of credit in euros by the IMF in favour of member countries faced with the same type of deficit or from the repayment of such loans by those countries, as well as from euro transactions carried out by the Fund on its own behalf.

On the balance sheet date, the reserve tranche amounted to SDR 1,303.8 million, against SDR 1,668.4 million a year earlier.

– ***Loans to the IMF***

These claims represent the equivalent of the loans granted by the Bank to the IMF in its own name, and of the Belgian State's claims on the IMF, in the event of use being made of the borrowing arrangement designed to strengthen the IMF's resources, namely the General Arrangements to Borrow and the New Arrangements to Borrow.

In the course of the year 2000, the Fund's liquidity position enabled it to meet its commitments without resorting to the borrowing agreements.

– ***Loans to the PRGF Trust***

The amount shown under this sub-item is the equivalent of the SDRs which the Bank has lent to the Poverty Reduction and Growth Facility (PRGF) Trust Fund managed by the IMF. This credit facility, previously known as the Enhanced Structural Adjustment Facility (ESAF), is intended to support the efforts of low-income developing countries that commit themselves to macroeconomic and structural adjustment programmes. The resources lent in this way are used by the IMF to fund the principal of the loans granted to developing countries under this facility.

Pursuant to the lending agreement which was concluded on 2 July 1999, the PRGF Trust has a credit line for SDR 200 million with the Bank. As a result of several drawings made in 2000, giving

rise to transfers of USD to the IMF, the Bank's balances under this heading increased by SDR 137.7 million and thus amounted on 31 December 2000 to SDR 148.8 million.

– *Deposits with the IMF under the PRGF*

The amount shown is the equivalent of the SDRs that the Bank has paid into a special deposit account with the IMF as Belgium's share of the funding of the interest subsidies granted under the PRGF.

It should be noted that three of the deposits in question, totalling SDR 100 million out of SDR 180 million, have been rolled over, on a temporary basis and on the same terms and conditions, pending decisions on the funding of an extension of the PRGF and on the heavily indebted poor countries debt relief initiative.

2.2 Balances with banks and security investments, external loans and other external assets

The foreign currency assets held with non-residents of the euro area that are included under this sub-item are invested in term deposits, foreign securities and in the form of reverse repurchase agreements.

BREAKDOWN BY CURRENCY OF FOREIGN CURRENCY ASSETS WITH NON-RESIDENTS

(in millions)

	31/12/2000		31/12/1999	
	Holdings (in foreign currency terms)	Market value (in euros)	Holdings (in foreign currency terms)	Market value (in euros)
USD	7,108.7	7,639.6	6,904.2	6,872.5
JPY	48,058.6	449.5	121,582.6	1,183.5
CHF	51.0	33.5	30.1	18.8
Other		2.2		3.1
		8,124.8		8,077.9

During the year just ended, the main factors giving rise to changes in the volume and composition of these assets were :

- the sale of USD and JPY against euros in the market for an amount equivalent to € 1 billion ;
- the transfers of USD to the IMF against SDRs under the loans to the PRGF Trust ;
- the partial unwinding of the USD/JPY swap transactions carried out in the course of the management of these assets (see off-balance-sheet items) ;
- the investment of foreign currencies borrowed under repurchase agreement transactions ;
- income on portfolio investments ;
- the increase in the market value of securities compared to the previous financial year, the counterpart of which is to be found in the revaluation accounts on the liabilities side.

BREAKDOWN OF FOREIGN CURRENCY ASSETS BY TYPE OF INVESTMENT*(Millions of euros)*

	31/12/2000	31/12/1999
Sight deposits	2.1	3.3
Term deposits	662.0	862.6
Reverse repurchase agreements	981.8	913.1
Securities	6,478.9	6,298.9
	8,124.8	8,077.9

Foreign currency assets are shown under this sub-item at their euro equivalent as calculated on the basis of market exchange rates on 29 December 2000. On the balance sheet closing date, the value of the securities at their market price was € 126.4 million more than their average historical cost value owing to the sharp fall in yields on the US bond market.

3. CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

This item comprises the foreign currency assets held with residents of the euro area in the form of term deposits, reverse repurchase agreements and securities.

BREAKDOWN BY CURRENCY OF FOREIGN CURRENCY ASSETS WITH RESIDENTS*(Millions)*

	31/12/2000		31/12/1999	
	Holdings (in foreign currency terms)	Market value (in euros)	Holdings (in foreign currency terms)	Market value (in euros)
USD	140.0	150.4	89.9	89.5
JPY	33,000.5	308.7	5,000.5	48.7
		459.1		138.2

4. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

This heading is used to record assets in euros, in the form of sight or term deposits, reverse repurchase agreements with financial institutions situated outside the euro area or securities issued by non-residents of the euro area.

Debit balances on the TARGET accounts of the national central banks that are not members of the Eurosystem no longer appear under this heading (see the explanatory note to sub-item 9.2 on the liabilities side).

As at 31 December 2000, the balance under this heading amounted to € 9.5 million and consisted exclusively of holdings on term accounts.

5. LENDING TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

This heading records credit extended to credit institutions resulting from the execution of the Eurosystem's monetary policy by the Bank.

The item is divided into various sub-items depending on the type of instrument used.

5.1 Main refinancing operations

This sub-item records the amount of liquidity provided to credit institutions by way of weekly 14-day tenders.

5.2 Longer-term refinancing operations

This sub-item records the amount of credit extended to credit institutions by way of monthly 3-month tenders.

5.3 Fine-tuning reverse operations

This sub-item records open market operations carried out on a non-regular basis, intended primarily to meet unexpected fluctuations in market liquidity.

5.4 Structural reverse operations

These are open market operations carried out with the primary intention of bringing about a lasting change in the structural liquidity position of the financial sector vis-à-vis the Eurosystem.

No such operations took place during the year just ended.

5.5 Marginal lending facility

A standing facility enabling counterparties to obtain overnight credit from the Bank at a pre-specified interest rate, against eligible collateral.

5.6 Credits related to marginal calls

Additional credit extended to credit institutions and resulting from the increase in the value of the securities pledged as collateral for other credits extended to these same institutions.

No such operations took place during the year just ended.

6. OTHER CLAIMS ON EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

Credit balances on the Bank's current accounts (nostro accounts) held with foreign correspondents in the euro area.

7. SECURITIES OF EURO AREA RESIDENTS DENOMINATED IN EURO

Portfolio of euro securities held for investment purposes and consisting solely of government stocks denominated in euros issued by Member States of the European Union. On the balance sheet date their value at market prices was € 27.3 million more than their average historical cost value because of a fall in yields on the euro bond market.

8. INTRA-EUROSYSTEM CLAIMS

8.1 Participating interest in ECB capital

The Bank's participating interest in the capital of the European Central Bank (€ 5 billion) is recorded under this sub-item. The Bank's share is 2.8658 %, or € 143.3 million.

8.2 Claims equivalent to the transfer of foreign reserves

This sub-item shows the Bank's euro claim, amounting to € 1,432.9 million, on the ECB owing to the transfer of part of its foreign reserves to that institution (85 % in foreign currencies and 15 % in gold).

The part in foreign currencies is denominated to the extent of 90 % in USD and 10 % in JPY.

The claim in euros bears interest at the rate of 85 % of the rate charged on the main refinancing operations.

These transferred reserves are managed by the Bank on behalf of the European Central Bank and do not appear in the balance sheet but are recorded off-balance-sheet.

8.3 Other claims within the Eurosystem (net)

This sub-item is used to record the Bank's net claim on the European Central Bank resulting from the cross-border transactions carried out via TARGET (see the explanatory note to sub-item 9.2 on the liabilities side).

This sub-item also records the claim resulting from the difference between the monetary income allocated to the Bank by the Eurosystem and that transferred to the latter (see the explanatory note to item I 4 of the profit and loss account).

9. OTHER ASSETS

9.1 Coins of euro area

This sub-item is used to record the Bank's holding of Belgian and Luxembourg coins. The Belgian coins are put into circulation by the Bank on behalf of the Treasury. Under the terms of an agreement between the Minister of Finance and the Bank, the ceiling on the Bank's holding of Belgian coins is set at 10 % of the coinage circulation on 31 December of the previous year ; it amounted to € 59.8 million for the year 2000.

Special provisions govern the procedure for reimbursement in the event of the contractual limit being exceeded ; these provisions did not need to be applied during the past financial year.

A Regulation of the Council of the European Union dated 13 December 1993 also imposes a limit on the central banks' holdings of national currencies. These holdings are not regarded as a credit to the public sector within the meaning of Article 101 of the Treaty (formerly Article 104) when the amount of this holding is less than 10 % of the daily coin circulation.

9.2 Tangible and intangible fixed assets

Land, buildings, plant, machinery and equipment, furniture and motor vehicles are carried in the accounts at their purchase value.

In 2000 the Bank's investment in fixed assets totalled € 29.4 million, including ancillary costs. Apart from land, they are written off entirely within the year in which they are acquired. In addition, an amount corresponding to the book value of assets disposed of or taken out of use has been deducted from the "Tangible fixed assets" account.

9.3 Other financial assets

This sub-item records the securities which the Bank holds as the counterpart to its capital, reserves and amortisation accounts. Under Article 29, point 4, of its Statutes, the Bank decides freely on the investments which it carries out for this purpose, after consultation with the Council of Regency and without prejudice to the regulations adopted by the ECB.

These investments consist primarily of government bonds, securities representing the capital of financial institutions governed by special legal provisions or guaranteed or controlled by the State, shares in the BIS in Basle and reverse repurchase agreements in the form of loans against the collateral of government bonds.

9.4 Off-balance-sheet instruments revaluation differences

This sub-item consists of the positive revaluation differences on forward foreign exchange transactions. These differences have their counterpart in the "Revaluation accounts" heading on the liabilities side.

9.5 Accruals and deferred expenditure

This sub-item comprises prepaid expenses, interest accrued but not yet received on securities and other assets.

9.6 Sundry

These are mainly trade and other receivables, stocks and work in progress in the Printing Works (excluding stocks of banknote paper for its own use) and a claim for an amount of € 15.3 million on the Central Bank of Luxembourg, bearing interest at 3 %.

BALANCE SHEET***LIABILITIES******1. BANKNOTES IN CIRCULATION***

The amount of banknotes in circulation was reduced to take account of the amount of the Belgian banknotes held by other national central banks of the Eurosystem (Art. 52 of the ESCB/ECB Statutes); as the counterpart to this, these banknotes were recorded as a debt to the Eurosystem (liabilities sub-item 9.2).

There has also been deducted from this item the theoretical amount of Belgian banknotes in circulation in the Grand Duchy of Luxembourg, which has been recorded under item 10.3 "Other liabilities, sundry". This amount, which totalled € 568.6 million in 2000, is calculated, pursuant to Article 1 e) of the Intergovernmental Agreement of 23 November 1998 between the two countries, on the basis of the outstanding amount of banknotes issued by the two central banks during the previous financial year and of the relationship between their paid-up subscriptions in the capital of the ECB.

The total amount of Belgian banknotes in circulation, expressed as a daily average, was € 12,769.2 million in 2000, against € 12,142.2 million in 1999, corresponding to an increase of 5.2 %.

2. LIABILITIES TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

This item chiefly covers the assets held by financial institutions within the framework of the requirements of the minimum reserve system.

2.1 Current accounts (covering the minimum reserve system)

Accounts denominated in euros of the financial institutions which mainly serve to meet minimum reserve requirements. These requirements have to be respected over an average period of one month starting on the 24th of one month and ending on the 23rd of the following month.

2.2 Deposit facility

Standing facility allowing credit institutions to make 24-hour deposits with the Bank at a pre-specified interest rate.

2.3 Fixed-term deposits

Deposits made at the Bank for the purpose of absorbing market liquidity in connection with fine-tuning operations in the Eurosystem. At the beginning of the year, this instrument was used by the ECB through rapid calls for tenders at a maximum pre-specified interest rate of 3 % in order to absorb the excess liquidity which had been injected into the market for the transition to the year 2000.

2.4 Fine-tuning reverse operations

Other monetary policy transactions aimed at tightening liquidity.

No such transactions took place during the year just ended.

2.5 Deposits related to margin calls

Deposits made by credit institutions to compensate for the decrease in the value of securities pledged as collateral for other credits granted to these same institutions.

No such transactions took place during the year just ended.

3. *OTHER LIABILITIES TO EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO*

Liabilities to credit institutions which are not related to monetary policy operations.

These are mainly repurchase agreements relating to the management of the security portfolio in euros recorded in asset item 7.

4. *LIABILITIES TO OTHER EURO AREA RESIDENTS DENOMINATED IN EURO*

4.1 Liabilities to general government

This item records the balances of the current accounts opened in the name of the State and of general government. Pursuant to an agreement of 12 March 1999, the balance of the Treasury's current account bears interest, up to a maximum figure of € 50 million, at the interest rate applying to the main refinancing operations.

4.2 Other liabilities

These are the current account assets held by financial intermediaries which do not have access to standing facilities.

5. *LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN EURO*

This item includes current accounts held by central banks, other banks, international and supranational institutions and other account holders outside the euro area.

At the end of the financial year considered, the credit balances on the TARGET accounts of central banks which are not members of the Eurosystem no longer appear under this heading (see the notes to liability sub-item 9.2).

6. LIABILITIES TO EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

The purpose of this item is principally to record repurchase agreements carried out with residents of the euro area.

7. LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

This item records operations of the same type as those included under item 6 above, but carried out with counterparties situated outside the euro area.

	31/12/2000 (Millions)		31/12/1999 (Millions)	
	Liabilities (in foreign currency)	Market value (in euros)	Liabilities (in foreign currency)	Market value (in euros)
USD	914.4	982.7	572.5	569.9

8. COUNTERPART OF SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

The amount shown under this item represents the countervalue of SDRs, converted to euros at the same rate as applies to the SDR assets, which should be returned to the IMF if the SDR is cancelled, if the SDR Department established by the IMF is closed or if Belgium decides to withdraw from it. This liability, of unlimited duration, amounts to SDR 485.2 million.

9. INTRA-EUROSYSTEM LIABILITIES

9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates

This sub-item comprises, at their nominal value, the promissory notes issued by the Bank in favour of the ECB as a guarantee for debt certificates issued by that institution. During the past year, the ECB did not use this monetary policy instrument.

9.2 Other liabilities within the Eurosystem (net)

This sub-item records the Bank's net debt to the European Central Bank resulting from cross-border payments made via TARGET.

The amounts previously recorded under this sub-item were the credit balances of the accounts of the central banks which are members of the Eurosystem and of the European Central Bank connected with payments to the euro area via TARGET. There was a similar item on the assets side for debit balances.

The unequal use of the payment circuits by financial institutions to carry out their cross-border payments in the European Union led, for the national central banks, to an excessive expansion, without any economic significance, of the multilateral positions resulting from the transactions settled via TARGET.

That is why the Governing Council of the European Central Bank decided, on 14 September 2000, that the reciprocal claims and debts of the national central banks, related to TARGET, whether or not they were members of the Eurosystem, would from 30 November 2000 onwards be multilaterally compensated in accordance with the principle of compensation of claims and debts by novation. The positions of the central banks vis-à-vis each other are replaced by a net position of each national central bank vis-à-vis the European Central Bank. A net debt is recorded in this sub-item ; a net claim appears in sub-item 8.3 on the assets side.

The net position vis-à-vis the European Central Bank bears interest at the rate applying to the main refinancing operations.

10. OTHER LIABILITIES

10.1 Off-balance-sheet instruments revaluation differences

Under this sub-item are recorded the negative revaluation differences on forward foreign exchange transactions. These differences have their counterpart in item 12, "Revaluation accounts".

10.2 Accruals and deferred income

This sub-item contains the costs attributable to interest accrued but not yet paid as well as deferred income.

10.3 Sundry

The amounts recorded here are debts in respect of taxes and social contributions, the sums payable to the State for the year in question relating to the State's share in the Bank's earnings and costs, the capital gains realised by the Bank on arbitrage transactions of gold assets against other external reserve components which are entered in a special unavailable reserve account (€ 177.1 million), the debts arriving from the application of the Intergovernmental Agreement between Belgium and Luxembourg (€ 9.9 million) and the non-interest-bearing debt arising from the recording in the balance sheet of the Central Bank of Luxembourg of the theoretical amount of Belgian banknotes in circulation in the Grand Duchy of Luxembourg (€ 568.6 million).

11. PROVISIONS

11.1 Provision for future exchange losses

Under the agreement of 8 July 1998 between the State and the Bank, the latter henceforth assumes all risks in respect of its transactions in connection with the autonomous management of its

foreign currency holdings. To that end, the Bank created a provision in 1998 to safeguard itself against potential future exchange losses. This provision, together with the positive revaluation differences on foreign currencies, constitutes the two sections of a reserve fund set up to cover such losses.

	<i>(Millions of euros)</i>
Balance as at 31 December 1999	441.1
Write-back	–
Appropriation	173.2
Balance as at 31 December 2000	614.3

11.2 Provision for new premises

The purpose of this provision is to enable the Bank to meet the expenses entailed by the execution of its programme of investment in new premises.

	<i>(Millions of euros)</i>
Balance as at 31 December 1999	19.0
Write-back	–8.5
Appropriation	–
Balance as at 31 December 2000	10.5

11.3 Provision for contingencies

This provision includes the amounts for covering the following risks and costs :

	<i>(Millions of euros)</i>
Provident Fund created at the end of 1957 in view of the risks inherent in the Bank's activity and of the fluctuations to which its results are subject	259.1
Costs arising from the introduction of the euro :	
– information campaign on the euro	2.5
– intervention in the services relating to the exchange and repatriation of banknotes from the euro area arising from the application of Article 52 of the Statutes of the ESCB/ ECB	38.7
– transport, storage and sorting costs connected with the exchanging of Belgian banknotes and coins against euros	29.7
Balance as at 31 December 1999	330.0
Write-back	–38.7
Appropriation	72.0
Balance as at 31 December 2000	363.3

As the agreement with the credit institutions pursuant to the above-mentioned Article 52 has been revoked, the provision established for that purpose was written off in its entirety.

The appropriation is intended mainly for replenishing the Provident Fund and covering the additional expenditure expected for the information campaign on the euro.

11.4 Provision for loss from the ECB

Potential loss from the ECB is covered by the general reserve fund of the ECB, pursuant to Article 33.2 of the Statutes of the ESCB/ECB and, if necessary, by the national central banks, in application of the covering mechanisms to which reference is made in the off-balance-sheet item "Agreement to cover potential loss from the ECB".

12. REVALUATION ACCOUNTS

This item contains the positive exchange rate and price revaluation differences corresponding to the difference between, on the one hand, the market value, on the balance sheet date, of the net external reserve positions and the securities portfolio (other than statutory investments) and, on the other hand, their value at historical cost price.

	31/12/2000	31/12/1999
	<i>(Millions of euros)</i>	
Positive foreign exchange revaluation differences on:		
– gold	2,071.7	2,042.8
– spot and forward positions in foreign currencies	1,630.3	1,375.7
– the net position in SDR	223.5	254.6
Positive price revaluation differences on:		
– securities in foreign currencies	126.4	1.1
– securities in euros (with the exception of statutory investments)	28.7	–
	4,080.6	3,674.2

13. CAPITAL AND RESERVE FUND

13.1 Capital

The share capital, of BEF 400 million (€ 9.9 million), is represented by 400,000 shares, of which 200,000 are registered and non-transferable shares recorded in the name of the State. The shares have no nominal value.

13.2 Reserve Fund

The Reserve Fund, provided for in Article 46 of the Bank's Statutes, consists of the Statutory Reserve, the Extraordinary Reserve and the Accounts for the Amortisation of Tangible Fixed Assets.

The increase in the Statutory Reserve is the result of the distribution of the profit for the previous year. The Amortisation Accounts for Tangible Fixed Assets show an increase of € 6.6 million, corresponding to the amount of investments made in 2000, less an amount equivalent to the book value of assets sold or no longer used. The tax-exempt part of the Extraordinary Reserve amounts to € 14.3 million.

14. PROFIT FOR THE YEAR

The profit for the year amounted to € 98.7 million, against € 56.9 million for the previous year.

OFF-BALANCE-SHEET ITEMS***FORWARD TRANSACTIONS IN FOREIGN CURRENCIES***

As at 31 December 2000, the breakdown of the forward position in foreign currencies, which consists of USD/JPY swaps transactions, is as follows :

	<i>(Millions)</i>	
	Amount in foreign currency	Amount in euros
forward claims in USD	18.6	20.0
forward liabilities in JPY	2,000.0	18.7

These swaps transactions in foreign currencies were concluded in connection with the management of the Bank's foreign currency holdings. These off-balance-sheet instruments provide the possibility of more remunerative investments without thereby altering the exchange risk incurred. They were revalued in euros at the same rates as those applied to spot foreign currencies.

LIABILITIES WHICH COULD LEAD TO A CREDIT RISK

	<i>(Millions of euros)</i>
Commitments towards international institutions	280.0

This item records the undertaking entered into by the Bank to lend SDR 200 million (€ 280 million) to the PRGF Trust. The amount of the drawings remaining open is SDR 51.2 million (€ 71.7 million). This loan is guaranteed by the Belgian State.

VALUABLES AND CLAIMS ENTRUSTED TO THE INSTITUTION

	<i>(Millions of euros)</i>
For encashment	2.9
Assets managed on behalf of the Treasury	118.1
Assets managed on behalf of the ECB	1,570.3

This last sub-item contains the nominal value at the market rate of the external reserves managed by the Bank on behalf of the ECB.

	<i>(Millions of euros)</i>
Custody deposits	283,308.2

This item consists mainly of the nominal amount of securities (Treasury certificates, linear bonds, securities resulting from the splitting of linear bonds, Treasury bills, certificates of deposit and certain classical loans) recorded under the securities settlement system and held on behalf of third parties.

CAPITAL TO BE PAID UP ON SHARES OF THE BIS

The BIS shares held by the Bank are paid up to the extent of 25 %. The amount shown under this item is that of uncalled capital, totalling USD 111.8 million (€ 120.2 million).

AGREEMENT TO COVER POTENTIAL LOSSES FROM THE ECB

For the period 1999-2001, potential losses from the European Central Bank will be imputed in the following order :

1. The loss may be offset against the general reserve fund of the ECB ;
2. Following a decision by the Governing Council of the ECB, any remaining loss shall be offset against the monetary income for the relevant financial year in proportion to and up to the amounts allocated to the NCBs ;
3. For the balance, by virtue of the same decision, in the following way :
 - a) any remaining loss may be offset in the first instance by waiving a part of the original value of the NCBs claims, equivalent to the transfer of the foreign reserves to the ECB. The maximum waiver may not exceed :
 - the amount of unrealised losses which arise on the foreign currency and gold positions ;
 - an amount which would reduce the aforesaid claim to below 80 % of its original value ;
 - b) any remaining loss may be offset against a direct charge on income, apportioned in accordance with the ECB's capital key, accruing to participating NCBs from national banknotes in circulation, subject to the limitation that no such direct charge on any one NCB may exceed that NCB's income from national banknotes (income seigniorage).

PROFIT AND LOSS ACCOUNT

I PROCEEDS OF NET INTEREST-BEARING ASSETS

The net interest-bearing assets comprise the total amount of the assets and liabilities in foreign currencies and in euro, of which the income and expenses are subject to distribution between the State and the Bank in accordance with the conditions set forth under item VII "State share".

1. Interest income

Interest income consists of that from investments in foreign currencies and that from credit transactions and investment operations in euro. Moreover, interest income also includes the proceeds of the claim on the ECB resulting from the transfer of external reserves.

The increase in these proceeds compared with the previous year is mainly attributable to credit operations connected with the monetary policy and to the securities portfolio in euro. The proceeds of foreign currency investments also increased, but to a lesser extent.

	31/12/2000	31/12/1999	Differences
	<i>(Millions of euros)</i>		
Interest proceeds of external assets	601.4	482.4	+119.0
Interest proceeds of assets in euros	684.9	418.0	+266.9
	1,286.3	900.4	+385.9

The increase in interest income from credit transactions in euros is attributable both to an increase in the average volume of credits allotted and to a rise in the interest rate on the main refinancing operations. The latter also explains the increase in the income from the claim on the ECB resulting from the transfer of external reserves, which bears interest at 85 % of the above-mentioned rate.

The interest income on euro securities is also up compared to 1999 owing to the rise in the average interest rate on the portfolio of euro securities, but this effect was partly counterbalanced by a decrease in the average volume invested in 2000.

The increase in the interest income on investments in foreign currencies is mainly due to a higher average interest rate on investments in dollars, together with an appreciation of that currency against the euro. This effect was partly offset by a decline in the average volume of these investments as a result of sales on the market against euro.

The interest income from the transactions carried out within the framework of international cooperation, more particularly on behalf of the IMF, also increased as a result of a rise in the interest rate at which these claims are remunerated, as well as of an appreciation of the rate of the SDR vis-à-vis the euro.

2. Interest expenses

The interest expenses relate to monetary reserve accounts, net liabilities vis-à-vis the ECB in connection with the TARGET payment system, the net use of the holding of SDRs, repurchase agreement transactions in foreign currencies and, to a lesser degree, the deposit facility and the deposit of the Belgian State.

	31/12/2000	31/12/1999	Differences
	<i>(Millions of euros)</i>		
Interest expenses on external liabilities	52.1	38.3	+13.8
Interest expenses on liabilities in euros	428.2	282.8	+145.4
	480.3	321.1	+159.2

The increase in interest expenses compared to the previous year is mainly due to the rise in the interest rates applied to the monetary reserve accounts and to the net debts related with TARGET.

3. Capital gains and losses on securities

During the financial period under review, net capital losses amounting to € 14.3 million were recorded. These result from the inclusion in the profit and loss account of the negative revaluation differences (€ 1.4 million) and from capital losses suffered on the sale of securities (€ 12.9 million).

It should be kept in mind that positive revaluation differences on securities (€ 155.1 million) are recorded in the revaluation accounts on the liabilities side of the balance sheet.

4. Allocation of monetary income from the ESCB

According to Article 32 of the Statutes of the ESCB/ECB, the amount of each national central bank's monetary income is equal to the annual income which it derives from its assets held as a counterpart to banknotes in circulation and deposit liabilities to credit institutions. The amount of each national central bank's monetary income is reduced by any interest paid by that central bank on its deposit liabilities to credit institutions. Furthermore, the sum of the national central bank's monetary income in the Eurosystem is allocated to each national central bank in proportion to its share in the capital of the ECB, calculated without taking account of the amount subscribed by the central banks which are not part of the System.

Thus, while the Bank's statutory share is 2.8658 %, it is at present 3.6304 % according to the above-mentioned calculation.

However, in accordance with Article 32.3 of the same statutes, the Governing Council has decided that, during the first three years of the third stage of the Monetary Union, monetary income will be calculated using an indirect method.

According to this method, monetary income is calculated by applying a reference rate (the interest rate on the main refinancing operations) to the elements in liability item 2 and to the liabilities related

to the issuing of promissory notes backing the debt certificates issued by the ECB (liability sub-item 9.1). Finally, the interest costs paid by the NCBs on these liabilities are deducted from the monetary income to be transferred.

	<i>(Millions of euros)</i>
Monetary income for the financial year 2000:	
– transferred by the Bank to the Eurosystem	–0.8
– allocated to the Bank	1.2
Net monetary income	0.4

II FOREIGN EXCHANGE DIFFERENCE RESULTS

1. Foreign exchange difference results

This sub-item comprises foreign exchange differences results relating to the foreign currency transactions carried out by the Bank, either within the framework of its autonomous management or within the framework of international agreements which are binding on Belgium or of international cooperation agreements to which, subject to the approval of the Belgian State, Belgium is a party.

In the former case, the foreign exchange differences belong to the Bank, while in the latter case they go to the State.

Also recorded in this sub-item are any capital gains realised on gold sales.

The amount of the sub-item comprises the results of the foreign exchange differences realised on the decrease in the net position in dollars (€ 255.7 million) and in yens (€ 33.8 million) as a result of sales in the market and on transactions in SDRs (€ 84 million).

2. Provision for future foreign exchange losses

The changes in the provision for future foreign exchange losses (see liabilities item 11.1) are recorded in this item.

III COMMISSION

The commission received as a remuneration for the Bank's services as financial intermediary as well as the commission paid by the Bank for financial services rendered by third parties to the Bank are contained in this item.

IV AMOUNTS RECOVERED FROM THIRD PARTIES

These are amounts recovered from third parties in respect of supplying goods and rendering services in various fields such as :

- the Central Balance Sheet Office, the Central Offices for Credit to Individuals and to Enterprises ;
- the Currency and Bond centres ;

- the securities settlement system ;
- the payment systems : TARGET, ELLIPS, CEC and the Clearing House ;
- the central processing of commercial bills ;
- work done by the Printing Works ;
- services rendered by the General Statistics Department.

V PROCEEDS FROM STATUTORY INVESTMENTS

The proceeds from bills and securities acquired in representation of the capital, reserves and amortisation accounts are at the Bank's free disposal, in accordance with Article 53 of the Statutes.

The decrease in these proceeds is mainly due to the decline in the average interest rate on the securities portfolio compared to the previous year.

VI OTHER PROCEEDS

The other proceeds consist of those from the disposal of used equipment and furniture, the sale of premises and other exceptional proceeds.

VII STATE SHARE

1. Proceeds from net interest-bearing assets

By virtue of Article 29 of the law of 22 February 1998 establishing the Organic Statute of the Bank, the net financial proceeds in excess of 3 % of the difference between the average amount, calculated on an annual basis, of the Bank's interest-bearing assets and remunerated liabilities shall be assigned to the State. These proceeds do not therefore include the funds which go to the Treasury in the distribution of the net profit.

Net financial proceeds shall mean :

- 1° the share of monetary income allocated to the Bank in accordance with Article 32.5 of the Statutes of the ESCB ;
- 2° the share of the ECB's net profit allocated to the Bank in accordance with Article 33.1 of the Statutes of the ESCB ;
- 3° the proceeds of the Bank's interest-bearing assets and its financial management transactions, less the financial charges in respect of the remunerated liabilities and the financial management transactions not connected with the asset and liability items forming the basis for calculation of the proceeds referred to in 1° and 2° above.

2. Proceeds fully assigned to the State

This item contains proceeds from assets which are the counterpart of deposits, other than those included in liability item 4.1, made within the framework of various particular agreements between the Belgian State and other states.

Furthermore, by virtue of Article 30 of the law of 22 February 1998 establishing the Organic Statute of the Bank, the net income from the assets forming the counterpart to the capital gains obtained by the Bank through arbitrage transactions of assets in gold against other external reserve elements, entered in a special unavailable reserve account, is also assigned to the State.

Finally, the Bank pays annually to the Treasury, in accordance with the law of 2 January 1991, a sum of € 24.4 million to compensate for the additional expenses resulting for the latter from the conversion of the Treasury's consolidated debt to the Bank into freely negotiable securities.

3. Foreign exchange difference results

In accordance with Article 9 of the law of 22 February 1998 establishing the Bank's Organic Statutes, the international monetary cooperation agreements or operations which the bank carries out on behalf of the State or with its explicit approval are guaranteed by the State. Consequently, the foreign exchange gains realised on these operations accrue entirely to the State. The amount in question is € 84 million.

VIII TRANSFER TO THE UNAVAILABLE RESERVE OF CAPITAL GAINS ON GOLD

In this item is recorded the transfer to the special unavailable reserve account of the capital gains obtained on arbitrages of gold assets against other external reserve elements, in accordance with Article 30 of the Organic Law of the Bank.

IX GENERAL EXPENSES

1. Remuneration and social costs

These costs comprise the remuneration and social costs of the staff, the Board of Directors, National Employment Office trainees, temporary staff and students, and also the pensions of former members of the Board of Directors and the attendance fees of the members of the supervisory bodies. The Bank records an additional expense, compared to 1999, owing to the increase of its social obligations.

2. Other expenses

This item consists mainly of operating expenses, expenditure in respect of staff hired from employment agencies and major repair and maintenance costs. The substantial increase in this sub-item is mainly due to the costs connected with the printing of euro banknotes.

X EXCEPTIONAL COSTS

This item includes an amount of € 12.5 million relating to the costs for the exchange and repatriation of banknotes in accordance with Article 52 of the Statutes of the ESCB/ECB.

XI DEPRECIATION OF TANGIBLE FIXED ASSETS

The depreciation applied as at 31 December 2000 covers the following expenses :

	<i>(Millions of euros)</i>
new premises and technical installations	8.5
renovation of premises	5.3
software and hardware	5.8
equipment for the Printing Works, technical services and offices	8.6
office furniture	1.2
Total	29.4

XII PROVISIONS

The changes in the following provisions are recorded in this item :

1. Provisions for new premises (see liabilities item 11.2)
2. Provisions for contingencies (see liabilities item 11.3)

XIII TAXES AND DUES

This item covers, in addition to corporation tax, the withholding tax on income from financial assets and the withholding tax on income from immovable assets, the non-deductible part of VAT and regional, provincial and municipal taxes.

The Bank shows in its accounts as costs relating to the year all taxes, whatever their nature, payable by it, less any tax repayments received during the same year. If, at the close of the year, the estimated amount of corporation tax shown under this heading exceeds imputable advance payments and withholding taxes, the additional amount due is recorded under the balance sheet sub-item 10.3 "Other liabilities, sundry" ; in the opposite case, the surplus is shown under the sub-item 9.6 "Other assets, sundry".

Brussels, 21 February 2001

IV. SOCIAL BALANCE SHEET AS AT 31 DECEMBER 2000

1. STATUS OF EMPLOYEES

A. EMPLOYEES RECORDED IN THE STAFF REGISTER

			2000	1999
1. During the financial year under review and the previous financial year	1. Full-time	2. Part-time	3. Total (T) of total in full-time equivalents (FTE)	4. Total (T) of total in full-time equivalents (FTE)
Average number of employees	2,161.91	700.92	2,665.67(FTE)	2,704.99(FTE)
Actual number of hours worked	3,231,387.64	742,735.24	3,974,123(T)	4,037,127.12(T)
Staff costs (<i>in thousands of euro</i>)	145,039	27,428	172,467(T)	171,572(T)
Benefits in addition to salary (<i>in thousands of euro</i>)	-	-	4,709(T)	1,798(T)

2. As of year-end	1. Full-time	2. Part-time	3. Total (T) in full-time equivalents
a. Number of employees recorded on the staff register	2,164	680	2,654.39
b. By type of employment contract			
Open-ended contract	1,980	669	2,463.39
Term contract	143	7	147.30
Contract for clearly defined work	-	-	-
Substitute contract	41	4	43.70
c. By gender			
Men	1,601	133	1,702.20
Women	563	547	952.19
d. By professional category			
Board of Directors and advisors	14	1	14.90
Managerial staff	1,666	481	2,021.31
Workers	384	196	516.58
Other	100	2	101.60

B. TEMPORARY STAFF AND OTHER PERSONS PLACED AT THE DISPOSAL OF THE ENTERPRISE

During the financial year	1. Staff	2. Persons placed at the disposal of the enterprise
Average number of persons employed	10.33	13.42
Actual number of hours worked	16,476.35	21,404.90
Cost to the enterprise (<i>in thousands of euro</i>)	277	1,316

2. TABLE SHOWING STAFF MOVEMENTS DURING THE FINANCIAL YEAR

A. ENTRIES INTO EMPLOYMENT

		2000		
		1. Full-time	2. Part-time	3. Total in full-time equivalents
a. Number of employees added to the staff register during the financial year		657	14	666.1
b. By type of employment contract				
	Open-ended contract	54	2	55.1
	Term contract	534	8	539.3
	Employment for clearly defined work	–	–	–
	Substitute contract	69	4	71.7
c. By gender and level of education				
Men:	Primary	5	–	5
	Secondary	204	2	205.6
	Further (non-university)	34	–	34
	University	37	–	37
Women:	Primary	6	2	7
	Secondary	310	8	315
	Further (non-university)	46	–	46
	University	15	2	16.5

B. DEPARTURES

		1. Full-time	2. Part-time	3. Total in full-time equivalents
a. Number of employees the date of whose end of contract was recorded in the staff register this financial year		635	38	658.3
b. By type of employment contract				
	Open-ended contract	77	25	93.6
	Term contract	496	9	500.7
	Contract for clearly defined work	–	–	–
	Substitute contract	62	4	64
c. By gender and level of education				
Men:	Primary	12	–	12
	Secondary	238	2	239.3
	Further (non-university)	17	–	17
	University	18	–	18
Women:	Primary	9	9	14.1
	Secondary	302	26	318.1
	Further (non-university)	26	1	26.8
	University	13	–	13
d. According to reason for departure				
	Retirement	66	19	78.2
	Early retirement	–	–	–
	Dismissal	2	1	2.5
	Other reasons	567	18	577.6
	of which: the number of employees remaining self-employed on at least a half-time basis and continuing to provide services to the enterprise	–	–	–

3. SITUATION CONCERNING THE USE, DURING THE FINANCIAL YEAR, OF MEASURES TO ENCOURAGE EMPLOYMENT

MEASURES TO ENCOURAGE EMPLOYMENT

2000

	Number of employees concerned		3. Financial advantage (In thousands of euro)
	1. Number	2. In full-time equivalents	
1. Measures carrying a financial advantage ¹			
1.9. Complete career interruption	54	15.75	37
1.10. Reduction of working time (part-time career break)	102	21.50	5
2. Other measures			
2.3. Work placements for young people	51	50.60	
2.6. Successive fixed term employment contracts	65	64	
Number of employees involved in one or more measures to encourage employment:			
– total for the financial year	272	151.85	
– total for the previous financial year	306	238.72	

¹ Financial advantage for the employer with regard to the holder of the job or his replacement.

4. INFORMATION ON TRAINING FOR EMPLOYEES DURING THE FINANCIAL YEAR

	1. Number of employees concerned	2. Number of training hours followed	3. Cost to the enterprise (In thousands of euro)
Total number of training initiatives undertaken by the enterprise			
– Men	1,178	39,032	3,457
– Women	669	16,681	1,477

V. REPORT OF THE AUDITORS

REPORT OF THE AUDITORS ON THE ANNUAL ACCOUNTS ENDED 31 DECEMBER 2000 SUBMITTED TO THE COUNCIL OF REGENCY OF THE NATIONAL BANK OF BELGIUM

In accordance with legal and statutory requirements, we are reporting to you on the completion of the mandate, which you have entrusted to us.

We have audited the financial statements as of and for the year ended December 31, 2000 with a balance sheet total of € 36.514.591(000) and a profit for the year of € 98.710(000). These financial statements have been prepared under the responsibility of the Board of Directors of the National Bank of Belgium. In addition we have carried out the specific additional audit procedures required by the Company law.

UNQUALIFIED AUDIT OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises-Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to the annual accounts of the National Bank of Belgium.

In accordance with these standards we have considered the National Bank of Belgium's administrative and accounting organisation as well as its internal control procedures. The National Bank of Belgium's management have provided us with all explanations and information which we required for our audit. We examined, on a test basis, evidence supporting the amounts in the financial statements. We assessed the accounting policies used and significant accounting estimates made by the National Bank of Belgium, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the prevailing legal and regulatory requirements, the financial statements present fairly the National Bank of Belgium's net worth and financial position as of December 31, 2000 and the results of its operations for the year then ended and the disclosures made in the explanatory notes to the financial statements are adequate.

ADDITIONAL ASSERTIONS

As required by generally accepted auditing standards the following additional assertions are provided. These assertions do not alter our audit opinion on the financial statements.

- The appropriation of results proposed to the general meeting complies with the organic law and the statutory provisions.

- There are no transactions undertaken or decisions taken in violation of the organic law, the statutes or Company Law, which we have to report to you.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the applicable legal and regulatory requirements.
- As indicated in the explanatory notes to the annual accounts, the presentation of certain captions of the financial statements has been changed compared to the previous financial year. The comparative figures were adapted to take into account the new presentation, which was applied to be in conformity with the harmonized accounting rules applied in the European System of Central Banks.

Brussels, February 9, 2001

The Joint Auditors

Pierre P. Berger,
associate of
KPMG Auditors b.c.v.

Danielle J. Jacobs,
associate of
Deloitte & Touche Auditors b.c.v.

Report of the
Board of Censors

REPORT OF THE BOARD OF CENSORS

In accordance with the Statutes of the Bank, the Board of Censors supervised the implementation of the 2000 budget and the preparation of the 2001 budget.

During the meetings held by the Board, the censors also exchanged opinions on various aspects of the management of the Bank on the basis of reports. They also tackled specific issues such as control and risk self-assessment, the risk analysis method applied to audit planning and the audits of banknote counting and sorting machines.

As is customarily the case, the censors conferred periodically with the Inspection and Audit services on the follow-up to the plan of action of which they had been informed at the start of the financial year.

Annexes

DIVIDEND

	2000	1999	1998	1997	1996
Net dividend allocated per share	46.10	44.90	44.37	44.00	43.13
Withholding tax deducted per share	15.37	14.97	14.79	14.67	14.38
Gross dividend allocated per share	61.47	59.87	59.16	58.67	57.51

SHAREHOLDER STRUCTURE AS AT 31 DECEMBER 2000

(Pursuant to Article 4, § 2, paragraph 2, of the law of 2 March 1989 concerning the disclosure of major shareholdings in companies listed on the Stock Exchange)

Holder of voting rights :	Belgian State represented by the Minister of Finance
Number of securities representing the capital :	200,000
Proportion of capital :	50 p.c.

COMPARISON OF BALANCE SHEETS AS AT 31 DECEMBER

(before distribution of profit)

ASSETS

(thousands of euro)

	2000	1999	1998 ¹
1. Gold and gold receivables	2,431,485	2,402,507	2,346,536
2. Claims on non-euro area residents denominated in foreign currency	10,740,780	10,885,054	10,897,610
2.1 Receivables from the IMF	2,615,983	2,807,152	2,362,680
2.2 Balances with banks and security investments, external loans and other external assets	8,124,797	8,077,902	8,534,930
3. Claims on euro area residents denominated in foreign currency	459,103	138,167	47,467
4. Claims on non-euro area residents denominated in euro	9,456	9,071	927,644
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	15,441,034	20,456,952	4,587,717
5.1 Main refinancing operations	14,811,034	5,436,956	4,584,171
5.2 Longer-term refinancing operations	630,000	15,015,000	
5.3 Fine-tuning reverse operations	–	–	
5.4 Structural reverse operations	–	–	
5.5 Marginal lending facility	–	4,996	3,546
5.6 Credits related to margin calls	–	–	
6. Other claims on euro area credit institutions denominated in euro	313	1,288	392,134
7. Securities of euro area residents denominated in euro	3,629,307	3,683,056	3,779,431
8. Intra-Eurosystem claims	1,576,611	1,576,362	143,290
8.1 Participating interest in ECB capital	143,290	143,290	143,290
8.2 Claims equivalent to the transfer of foreign currency reserves	1,432,900	1,432,900	
8.3 Other claims within the Eurosystem (net)	421	172	–
9. Other assets	2,226,502	2,159,269	2,029,800
9.1 Coins of euro area	6,795	9,966	5,688
9.2 Tangible and intangible fixed assets	326,607	320,235	311,618
9.3 Other financial assets	1,359,671	1,325,696	1,324,743
9.4 Off-balance sheet instruments revaluation differences	996	–	–
9.5 Accruals and deferred expenditure	309,114	308,924	257,057
9.6 Sundry	223,319	194,448	130,694
TOTAL ASSETS	36,514,591	41,311,726	25,151,629

¹ Opening balance sheet as at 1 januari 1999 in which the balance sheet items as at 31 december 1998 were rearranged and revalued corresponding to the accounting rules established in the guideline of the European Central Bank of 1 december 1998.

LIABILITIES*(thousands of euro)*

	2000	1999	1998 ¹
1. Banknotes in circulation	12,905,356	12,947,255	11,971,273
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	7,129,800	3,509,187	6,916,380
2.1 Current accounts (covering the minimum reserve system)	7,129,800	3,458,846	6,910,381
2.2 Deposit facility	–	50,341	5,999
2.3 Fixed-term deposits	–	–	–
2.4 Fine-tuning reverse operations	–	–	–
2.5 Deposits related to margin calls	–	–	–
3. Other liabilities to euro area credit institutions denominated in euro	–	–	–
4. Liabilities to other euro area residents denominated in euro	83,479	95,880	168,724
4.1 General government	62,176	64,270	88,688
4.2 Other liabilities	21,303	31,610	80,036
5. Liabilities to non-euro area residents denominated in euro	179,736	337,368	165,397
6. Liabilities to euro area residents denominated in foreign currency	–	–	–
7. Liabilities to non-euro area residents denominated in foreign currency	982,736	569,854	108,725
8. Counterpart of special drawing rights allocated by the IMF	679,386	662,349	584,459
9. Intra-Eurosystem liabilities	6,536,213	16,275,947	1,988
9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates	–	–	–
9.2 Other liabilities within the Eurosystem (net)	6,536,213	16,275,947	1,988
10. Other liabilities	1,481,878	1,046,929	899,155
10.1 Off-balance sheet instruments revaluation differences	–	10,049	22,810
10.2 Accruals and deferred income	14,279	8,523	8,681
10.3 Sundry	1,467,599	1,028,357	867,664
11. Provisions	988,156	798,141	676,674
11.1 For future exchange losses	614,320	441,120	327,219
11.2 For new premises	10,540	19,040	34,630
11.3 For contingencies	363,296	330,003	314,825
11.4 For loss from the ECB	–	7,978	–
12. Revaluation accounts	4,080,642	3,674,206	2,298,241
13. Capital and reserve fund	1,368,499	1,337,721	1,324,586
13.1 Capital	9,916	9,916	9,916
13.2 Reserve fund:			
Statutory reserve	93,287	89,580	85,864
Extraordinary reserve	953,116	932,616	932,616
Amortisation accounts in respect of tangible fixed assets	312,180	305,609	296,190
14. Profit for the year	98,710	56,889	36,027
TOTAL LIABILITIES	36,514,591	41,311,726	25,151,629

COMPARISON OF THE PROFIT AND LOSS ACCOUNTS AS AT 31 DECEMBER

<i>(thousands of euro)</i>	2000	1999	1998
I. Proceeds of net interest-bearing assets	792,153	349,234	667,633
1. Interest income	1,286,299	900,427	851,180
2. Interest expenses (-)	-480,303	-321,109	-228,891
3. Capital gains (-losses (-)) on securities	-14,271	-222,278	45,344
4. Allocation of monetary income from the Eurosystem	428	172	
5. Appropriation to the provision for covering losses from the ECB (-)	-	-7,978	
II. Foreign exchange difference results	200,223	260,956	153,975
1. Foreign exchange difference results	373,423	374,856	481,194
2. Write-back of provision for future exchange losses (appropriation (-))	-173,200	-113,900	-327,219
III. Commission	3,531	2,576	2,514
1. Commission received	5,041	3,251	3,509
2. Commission paid (-)	-1,510	-675	-995
IV. Amounts recovered from third parties	53,426	50,553	49,184
V. Proceeds from statutory investments	95,004	95,857	105,893
VI. Other proceeds	2,555	404	7,953
VII. State share (-)	-495,640	-123,526	-338,330
1. Proceeds from net interest-bearing assets (art. 29)	-369,752	-86,121	-218,124
2. Proceeds fully assigned to the State	-41,931	-29,981	-117,713
3. Foreign exchange difference results	-83,957	-7,424	-2,493
VIII. Transfer to the unavailable reserve of capital gains on gold (-)	-	-177,115	-
IX. General expenses (-)	-233,022	-213,580	-215,825
1. Remuneration and social costs	-185,791	-175,277	-172,487
2. Other expenses	-47,231	-38,303	-43,338
X. Exceptional costs (-)	-12,508	-28,192	-52,580
XI. Depreciation of tangible fixed assets (-)	-29,415	-30,456	-22,874
XII. Provisions	-24,793	411	-22,261
1. Write-back of provisions for new premises (appropriation (-))	8,500	15,590	-3,669
2. Write-back of provisions for contingencies (appropriation (-))	-33,293	-15,179	-18,592
XIII. Taxes and dues (-)	-252,804	-130,233	-299,255
NET PROFIT FOR THE FINANCIAL YEAR	98,710	56,889	36,027

Adresses and opening hours

ADDRESSES AND OPENING HOURS

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Requests for information :

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PUBLIC OPENING HOURS**Counters for banknotes and coins :**

Brussels, Antwerp and Liège : from 9 a.m. to 3 p.m.
 other offices : from 9 a.m. to 1 p.m.

Special opening hours for the changeover to euro notes and coins (valid for all offices)

from 15 October to 31 December 2001 : from 9 a.m. to 3 p.m.
 from 2 January to 28 February 2002 : from 8.30 a.m. to 4.30 p.m.
 (until 7 p.m. on 2 January and on Thursdays).

Counters of the Government Cashier :

from 9 a.m. to 1 p.m.
 except in Antwerp and Liège (from 9 a.m. to 3 p.m.)

Counters of the Central Balance Sheet Office :

Brussels : from 9 a.m. to 4 p.m.
 Antwerp and Liège : from 9 a.m. to 3 p.m.
 other offices : from 9 a.m. to 1 p.m. and from 2 p.m. to 4 p.m.

Scientific Library :

from 9 a.m. to 4 p.m.

Museum : *during the school year :*
in July and August :

Mondays from 10 a.m. to 5 p.m.
 Mondays from 10 a.m. to 5 p.m. and
 Tuesdays, Wednesdays, Thursdays and Fridays
 from 2 p.m. to 4 p.m. or by appointment.

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Translated from the French and the Dutch by
Language Consultants (Benelux) Ltd. London SE10 8JQ