



# Crédit Communal de Belgique S.A./ Gemeentekrediet van België N.V.

*(incorporated with limited liability in Belgium)*

**FRF 1,500,000,000**

## **6.25 per cent. Undated Subordinated Notes**

**Issue Price: 99.917 per cent.**

The FRF 1,500,000,000 6.25 per cent. Undated Subordinated Notes (the "Notes") of Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. ("CCB" or the "Issuer") will bear interest from (and including) 18th November, 1997 to (but excluding) 18th November, 2009 at an annual rate of 6.25 per cent., and thereafter at a rate of 1.87 per cent. per annum above the Paris interbank offered rate for French franc six month deposits. Subject as mentioned herein, interest on the Notes will be payable annually in arrear on 18th November in each year until (and including) 18th November, 2009, the first payment being due on 18th November, 1998, and thereafter semi-annually in arrear on 18th May and 18th November in each year. See "Terms and Conditions of the Notes—Interest".

The Notes will have no final maturity date and will only be redeemable as set forth under "Terms and Conditions of the Notes—Redemption and purchase: Default and enforcement". In particular, CCB may redeem on 18th November, 2009 or on each Interest Payment Date (as defined herein) falling thereafter all, but not some only, of the Notes.

The Notes will be unsecured obligations of CCB and will be subordinated to the claims of Senior Creditors (as defined herein). No payment of principal or interest in respect of the Notes may be made unless CCB is solvent, both on a consolidated and a non-consolidated basis, at the time of payment, and no principal or interest shall be due and payable in respect of the Notes except to the extent that CCB could make such payment, in whole or in part, rateably with payments in respect of Other *Pari Passu* Claims (as defined herein) and still be solvent immediately thereafter. See "Terms and Conditions of the Notes—Status and subordination".

In addition, interest on the Notes need not be paid on any Interest Payment Date by CCB if, in the six months immediately preceding such Interest Payment Date, no dividend has been declared or paid on any class of share capital of CCB. See "Terms and Conditions of the Notes—Interest".

Application has been made to the Paris Stock Exchange for the listing of the Notes.

The Notes will be in bearer form and will be represented on issue by a permanent global Note (the "Permanent Global Note") in bearer form, without interest coupons, which will be deposited with, or a depository for, the National Bank of Belgium (the "BNB System") on 18th November, 1997. Save in certain limited circumstances, Notes in definitive form will not be issued in exchange for the Permanent Global Note.

**J.P. Morgan & Cie S.A.  
Merrill Lynch Finance S.A.**

**Crédit Communal S.A./  
Gemeentekrediet N.V.**

**Banque Internationale à Luxembourg S.A.**  
Société Anonyme

**Banque Nationale de Paris**

**CDC Marchés**

**Banque CPR**

**Morgan Stanley S.A.**

**Dresdner Kleinwort Benson**

14th November, 1997

CCB, having made all reasonable enquiries, confirms that this Offering Circular contains, as at the date hereof, all information with respect to CCB and its consolidated subsidiaries and the Notes that is material in the context of the issue and offering of the Notes, the statements contained herein are in every material particular true and accurate and not misleading, the opinions and intentions expressed herein are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to CCB or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by CCB to ascertain such facts and to verify the accuracy of all such information and statements. CCB accepts responsibility for the information contained in this Offering Circular.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by CCB or any of the Managers (as defined in "Subscription and Sale"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of CCB since the date hereof or that there has been no adverse change in the financial position of CCB since the date hereof.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by CCB and the Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see "Subscription and Sale".

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of CCB or the Managers to subscribe for, or purchase, any Notes.

The Managers have not separately verified the information contained in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of CCB or the Managers that any recipient of this Offering Circular or of any other financial statements of CCB should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Managers undertakes to review the financial condition or affairs of CCB during the life of the Notes nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "U.S.\$" are to the lawful currency of the United States of America, to "BEF" are to the lawful currency of Belgium, to "Lit." are to the lawful currency of the Republic of Italy and to "FRF" are to the lawful currency of the Republic of France.

**In connection with this issue, J.P. Morgan & Cie S.A. may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time and will be carried out in accordance with applicable laws and regulations.**

#### DOCUMENTS INCORPORATED BY REFERENCE

The figures set out on pages 26 to 29 are included by way of summary only and have been derived from the audited financial statements contained in the annual reports of CCB for the years ended 31st December, 1995 and 1996. Such figures are qualified in their entirety by the financial information contained therein. The aforementioned annual reports of CCB are incorporated by reference in this Offering Circular. Copies of such documents are available free of charge from the specified offices of each of the Paying Agents. The documents incorporated by reference herein have not been submitted to the clearance procedures of the *Commission des Opérations de Bourse*.

## TABLE OF CONTENTS

	<u>Page</u>
Terms and Conditions of the Notes .....	4
Summary of Provisions Relating to the Notes while in Global Form .....	14
Belgian Taxation .....	16
Use of Proceeds .....	16
Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. ....	17
Profile and business .....	17
The Dexia Group .....	18
Management and Supervision .....	22
Financial Statements of Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. ....	26
Recent Developments .....	30
The Municipal Sector in Belgium .....	31
Subscription and Sale .....	36
General Information .....	38
<i>Personnes qui Assument la Responsabilité de la Note d'Information</i> .....	39
<i>Caractéristiques Principales de l'Emission</i> .....	40

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that shall be applicable to the Notes in definitive form (if any) issued in exchange for the Permanent Global Note.*

The FRF 1,500,000,000 6.25 per cent. undated subordinated notes (the "Notes") are issued pursuant to an agency agreement (the "Agency Agreement") dated 18th November, 1997 (the "Issue Date") between Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. (the "Issuer"), Banque Internationale à Luxembourg, S.A. as fiscal agent (the "Fiscal Agent") and the other agents named therein, and with the benefit of a deed of covenant (the "Deed of Covenant") dated the Issue Date executed by the Issuer in relation to the Notes. The principal paying agent, the paying agents and the calculation agent for the time being are referred to below respectively as the "Principal Paying Agent", the "Paying Agents" (which expression shall, unless the context requires otherwise, include the Principal Paying Agent) and the "Calculation Agent". The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") appertaining to the Notes and talons for further Coupons (the "Talons") (the "Couponholders") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents.

### **1. Form, denomination and title**

The Notes are issued in bearer form in the denominations of FRF 100,000 (15,000 Notes).

The Notes are serially numbered and are issued with Coupons and a Talon attached.

Title to the Notes, the Coupons and the Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these terms and conditions (the "Conditions"), "Noteholder" means the bearer of any Note, "holder" (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon.

### **2. Interest**

#### *(a) Initial rate and accrual of interest*

The Notes bear interest from (and including) the Issue Date to (but excluding) 18th November, 2009 at the rate of 6.25 per cent. per annum and thereafter at the Reset Rate (as defined in paragraph (c) below), payable, subject as provided in these Conditions, in each case in arrear on each Interest Payment Date (as defined below), the first such payment to be made on 18th November, 1998. Interest in respect of each Note will accrue from day to day and will cease to accrue from the due date for repayment thereof unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 6(b). If interest is required to be calculated for a period of less than one year in the case of any period ending on or prior to 18th November, 2009, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

#### *(b) Interest Payment Dates, Interest Periods and Arrears of Interest*

Interest in respect of the Notes is (subject to Condition 6(b)) payable on each Compulsory Interest Payment Date (as defined below) in respect of the Interest Period (as defined below) ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects but subject to Condition 6(b)) the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may at the option of the Issuer be paid in whole or in part at any time upon the expiration of not less

than 14 days' notice to such effect given to the Noteholders in accordance with Condition 8, but all Arrears of Interest in respect of all Notes for the time being outstanding (as defined in the Agency Agreement) shall (subject to Condition 6(b)) become due in full on whichever is the earliest of (i) the date upon which a dividend is next declared or paid on any class of share capital of the Issuer, (ii) the date fixed for any redemption pursuant to Condition 3(a) or Condition 5(b) or (iii) the commencement of a winding up in Belgium of the Issuer. If notice is given by the Issuer of its intention to pay the whole or any part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 6(b)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be in respect of the full amount of the Arrears of Interest accrued due to the relative Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

As used herein:

"Business Day" means a day on which banks and foreign exchange markets are open for business in Paris, Brussels and Luxembourg;

"Compulsory Interest Payment Date" means any Interest Payment Date if, in the six months immediately preceding such Interest Payment Date, any dividend has been declared or paid on any class of share capital of the Issuer;

"Interest Payment Date" means 18th November, 1998 and then 18th November in each subsequent year until (and including) 18th November, 2009 and thereafter 18th May and 18th November in each year. In the case of Interest Payment Dates falling after 18th November, 2009, if, as determined on the relevant Interest Determination Date (as defined in paragraph (c) below), the applicable Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day;

"Interest Period" means the period from and including one Interest Payment Date (or, as the case may be, the Issue Date) up to but excluding the next (or first) Interest Payment Date; and

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

*(c) Interest Rate Reset*

On each Interest Determination Date (as defined below), unless the Issuer shall have given notice to redeem the Notes under Condition 3(a) or Condition 5(b) on or prior to the Interest Payment Date next following such Interest Determination Date, the Calculation Agent shall determine:—

- (i) the rate of interest (the "Reset Rate") in respect of the Notes for the next Interest Period at the rate per annum which is equal to PIBOR (as defined below) plus 1.87 per cent.; and
- (ii) the amount of interest payable in respect of each FRF 100,000 principal amount of Notes (the "Coupon Amount") for such Interest Period.

The Coupon Amount shall be calculated by applying the Reset Rate to each of FRF 100,000 and multiplying the resulting sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest centime (half a centime being rounded upwards).

As used herein:

"Interest Determination Date" means the Business Day prior to each Interest Payment Date falling on or after 18th November, 2009;

"PIBOR" in relation to an Interest Period means the rate determined as follows:—

- (i) the Calculation Agent will obtain the Paris interbank offered rate for deposits in French francs for a period of six months as defined, calculated and published by the Association Française des Banques and the Associated Press-Dow Jones Telerate Service (page 20041 or such other page, service or services as may be nominated by the Association Française des Banques for the purpose of displaying Paris interbank offered rates of major banks for French franc deposits) as of 11.00 a.m. (Paris time) on the relevant Interest Determination Date;

- (ii) if, on any Interest Determination Date, it is not reasonably practicable to obtain a rate under (i) above, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point) of the rates at which deposits in French francs are offered by four major banks in the Paris interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. (Paris time) on the Interest Determination Date to prime banks in the Paris interbank market for a period of six months and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; and
- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in Paris, selected by the Calculation Agent, at approximately 11.00 a.m. (Paris time) on the Interest Determination Date for loans in French francs to leading European banks for a period of six months and in an amount that is representative for a single transaction in the relevant market at the relevant time;

Provided that if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean) in accordance with the above provisions in relation to any Interest Period, PIBOR during such Interest Period will be the rate (or, as the case may be, the arithmetic mean) last determined in respect of a preceding Interest Period.

If, on the replacement of the French franc by the euro, the definition and/or basis and/or rate provider or sponsor of PIBOR changes, or such rate ceases to exist and is replaced by a similar rate, such replacement or modified rate shall apply.

*(d) Notification of Rate of Interest*

The Calculation Agent shall cause notice of each Reset Rate, the Coupon Amounts for each Interest Period and the relevant Interest Payment Date to be given to the Issuer, the Fiscal Agent, the Paying Agents, the BNB System, Cedel Bank, société anonyme, Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system, Sicovam S.A. and Bloomberg L.P. as soon as practicable after their determination. The Coupon Amounts and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the relevant Interest Period or of manifest error.

*(e) Calculation Agent*

The Issuer may from time to time replace the Calculation Agent by another leading bank or investment bank in Paris. In the event of the appointed office of the Calculation Agent being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Reset Rate and the Coupon Amount in accordance with paragraph (c) above, the Issuer shall forthwith appoint the Paris office of such other leading bank or investment bank to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

*(f) Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given expressed, made or obtained by the Calculation Agent for the purposes of this Condition 2, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders or Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions.

**3. Redemption and purchase**

The Notes are undated and, accordingly, have no final maturity date and may not be redeemed except in accordance with the provisions of this Condition 3, Condition 5(b) or Condition 12.

*(a) Optional*

The Issuer may, having given not less than 45 nor more than 60 days' notice to the Noteholders in accordance with Condition 8, repay on 18th November, 2009 or on each Interest Payment Date falling thereafter all, but not

some only, of the Notes at their principal amount. Upon the expiration of such notice the Issuer shall (subject to Condition 6(b)) be bound to repay all the Notes at their principal amount together with accrued interest and all Arrears of Interest.

*No optional redemption of the Notes will be made by the Issuer without the prior written consent of the Belgian Commission bancaire et financière.*

*(b) Purchases*

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

*(c) Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

#### **4. Payments and Talons**

*(a) Payments*

Payments of principal and interest in respect of the Notes will (subject to Condition 6(b)) only be made against presentation and surrender of Notes or, as the case may be, Coupons at any specified office of any of the initial Paying Agents or of any such additional and/or other Paying Agent(s) outside the United States as the Issuer may appoint from time to time. Payments in respect of Arrears of Interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the appropriate Coupon at any specified office of any of the Paying Agents. Payments in respect of the Notes and Coupons will be made (i) in cash in French francs at the specified office of the Paying Agent in Paris or (ii), at the option of the holder, at the specified office of any of the Paying Agents by a French franc cheque drawn on a bank in Paris or by transfer to a French franc account maintained by the payee with a bank in Paris.

*(b) Payments subject to fiscal laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 5. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

*(c) Appointment of Agents*

The Fiscal Agent, the Principal Paying Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Principal Paying Agent, the Paying Agents and the Calculation Agent (together the "Agents") act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Principal Paying Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent and a Principal Paying Agent, (ii) a Calculation Agent and (iii) a Paying Agent having its specified offices in Paris so long as the Notes are listed on the Paris Stock Exchange.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

*(d) Unmatured Coupons and unexchanged Talons*

- (i) Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (ii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Where any Note is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding Interest Payment Date or the Issue Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.
- (v) In the event of a winding up in Belgium of the Issuer, all unmatured Coupons and Talons shall become void and any payment of interest in respect of the Notes to which such Coupons appertain shall be made only against presentation of such Notes. In addition, in the event of such a winding up, each Note which is presented for payment must be presented together with all Coupons appertaining thereto (whether or not attached) in respect of Arrears of Interest, failing which the amount of Arrears of Interest due on any such missing Coupon (or, in the case of payment not being made in full, that proportion of such amount which the amount so paid bears to the total amount payable in respect of such Note (inclusive of Arrears of Interest and accrued interest)) will be deducted from the sum due for payment on presentation of such Note. In the case of any such missing Coupon, the amount so deducted will be payable in the manner mentioned above against presentation and surrender of such Coupon within a period of 10 years from the Relevant Date (as defined in Condition 5) in relation to the payment of such amount.

*(e) Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

*(f) Non-business days*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation and, where payment is to be made by transfer to a French franc account, on which foreign exchange transactions may be carried on in Paris.

**5. Taxation**

*(a) Tax status*

The Notes may only be offered, sold or delivered to entities that are exempted from withholding tax in accordance with Article 4 of the Belgian Royal Decree of 26th May, 1994 with respect to the payment of withholding tax in accordance with Chapter I of the Law of 6th August, 1993.

All payments of principal and interest in respect of the Notes and the Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by or on behalf of Belgium or any political subdivision or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or other charges is required by law or regulation.

In that event, or if a clearing system or any participant in a clearing system withholds or deducts for, or on account of, any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes and the Coupons after such withholding or deduction shall be not less than the respective amounts of principal and interest which would have been receivable in respect of the Notes or, as the case may be, the Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any payment in respect of any Note or Coupon:—

- (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Belgium other than the mere holding of the Note or Coupon; or
- (ii) to a holder who, at the time of issue of the Notes, was not an eligible investor within the meaning of Article 4 of the Royal Decree of 26th May, 1994 on the deduction of withholding tax or to a holder

who was an eligible investor at the time of issue of the Notes but, for reasons within the holder's control, ceased to be an eligible investor or, at any relevant time on or after the issue of the Notes, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6th August, 1993 relating to certain securities; or

- (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the expiry of such period of 30 days.

As used in these Conditions, the "Relevant Date" in respect of any payment means whichever is the later of (x) the date on which such payment first becomes due and (y) (if any amount of the money payable is improperly withheld or refused) the date on which payment of the full amount of such moneys outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (x) "interest" shall be deemed to include all Arrears of Interest and all other amounts payable pursuant to Condition 2 and (y) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

*(b) Redemption for taxation reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time before 18th November, 2009 and, thereafter, on any Interest Payment Date, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption and all Arrears of Interest, if the Issuer would, on the occasion of the next payment due in respect of the Notes, be obliged for reasons beyond its control to pay additional amounts as provided or referred to in Condition 5(a) and such obligation cannot be avoided by the Issuer. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Managing Directors of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

*No optional redemption of the Notes will be made by the Issuer without the prior written consent of the Belgian Commission bancaire et financière.*

## **6. Status and subordination**

*(a) Status*

The Notes and the Coupons constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves.

*(b) Subordination*

The rights of the Noteholders and Couponholders are subordinated to the claims of Senior Creditors (as defined in paragraph (c) below) and, accordingly, payments of principal and interest are conditional upon the Issuer being solvent, both on a consolidated and on a non-consolidated basis, at the time of payment by the Issuer, and no principal or interest shall be payable in respect of the Notes except to the extent that the Issuer could make such payment, in whole or in part, rateably with payments in respect of Other *Pari Passu* Claims (as defined in paragraph (c) below) and still be solvent immediately thereafter. For the purposes of this paragraph (b) the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets (as defined in paragraph (c) below) exceed its Liabilities (as defined in paragraph (c) below) (other than its Liabilities to persons who are not Senior Creditors). A report as to the solvency of the Issuer made by two Managing Directors of the Issuer or, if the Issuer is in winding up in the Kingdom of Belgium, its liquidator prior to any payment of principal or interest and also prior to the purchase of any Notes beneficially by or for the account of the Issuer or any of its subsidiaries shall in the absence of proven error, be treated and accepted by the Issuer, the Noteholders and Couponholders as correct and sufficient evidence of such solvency.

*(c) As used in this Condition 6:*

"Senior Creditors" means all creditors of the Issuer other than creditors whose claims are in respect of or any class of equity (including preference shares) or (ii) all unsecured, undated and subordinated obligations or (iii) any other obligations which rank or are expressed to rank *pari passu* with or junior to the claims of the Noteholders and Couponholders;

“Other *Pari Passu* Claims” means claims of creditors of the Issuer which are subordinated so as to rank or are expressed to rank *pari passu* with the claims of the Noteholders and the Couponholders; and

“Assets” means the total amount of unconsolidated and consolidated assets of the Issuer and “Liabilities” means the total amount of unconsolidated and consolidated liabilities of the Issuer, in each case as shown by the latest published audited balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the above-mentioned Managing Directors, the Issuer’s auditors or the liquidator (as the case may be) may determine.

*N.B. If the Issuer would not otherwise be solvent on a consolidated or an unconsolidated basis for the purpose of this Condition, the amount of principal and of sums which would otherwise be payable as interest in respect of the Notes will be available to meet the losses of the Issuer.*

## **7. Substitution**

The Issuer may, subject to having obtained the consent of the Belgian Ministry of Finance or its delegate, the Belgian *Commission financière et bancaire* and the National Bank of Belgium, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Coupons and the Talons any company (the “Substitute”) provided that:—

- (i) the substitution is made by a deed poll (the “Deed Poll”), to be substantially in the form scheduled to the Agency Agreement as Schedule 5;
- (ii) no payment of principal of, or interest on, the Notes is at the time of such substitution overdue;
- (iii) the Substitute assumes all obligations and liabilities of the substituted Issuer in its capacity as debtor arising from, or in connection with, the Notes, the Coupons and the Deed of Covenant and the substitution is subject to the Issuer irrevocably and unconditionally guaranteeing on a subordinated basis the obligations of the Substitute;
- (iv) the Substitute becomes a party to the Agency Agreement, with any appropriate consequential amendments, and assumes all the obligations and liabilities of the Issuer in its capacity as debtor under the Notes contained therein and shall be bound as fully as if the Substitute had been named therein as an original party;
- (v) the Substitute shall, by means of the Deed Poll, agree to indemnify the holder of each Note and Coupon against any tax, duty, fee or governmental charge that is imposed on such holder by the jurisdiction of the country of its residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to any Note, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had it not been substituted as the principal debtor and any tax, duty, fee or governmental charge imposed on or relating to such substitution and any costs or expenses of such substitution;
- (vi) the Substitute obtains all necessary governmental and regulatory approvals and consents, takes all actions and fulfills all conditions necessary for such substitution and to ensure that the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant represent, valid, legally binding and enforceable obligations of the Substitute and the Issuer obtains all necessary governmental and regulatory approvals and consents necessary for the giving of the guarantee referred to in paragraph (iii) above;
- (vii) the Substitute shall cause legal opinions to be delivered to the Noteholders (care of the Principal Paying Agent) from lawyers with a leading securities practice in Belgium, England and the jurisdiction of the Substitute confirming the validity of the substitution and the giving of the guarantee referred to in paragraph (ii) above; and
- (viii) the Issuer shall have given at least 14 days’ prior notice of a proposed substitution to the Noteholders, such notice to be published in accordance with these Conditions, stating that copies, or pending execution, the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to the Noteholders, shall be available for inspection at the specified office of the Principal Paying Agent and each of the other Paying Agents.

## **8. Notices**

Without prejudice to mandatory rules of Belgian corporate law and, in particular, to Condition 11, notices to the holders of the Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the Paris Stock Exchange and the Paris Stock Exchange so requires, in a French language newspaper with general circulation in Paris (which is expected to be *La Tribune Desfossés*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition.

## 9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void **unless** made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate **Relevant Date** in respect of them.

## 10. Replacement of Notes, Coupons and Talons

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Paying Agent in Luxembourg or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such **terms** as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 11. Meeting of Noteholders and modifications

### (a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 20 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be any number of Noteholders, holding or representing at least one half in principal amount of the Notes for the time being outstanding or, at any adjourned meeting, any number of persons being or representing Noteholders whatever the principal amount of the Notes held, even though the business of such meeting includes consideration of proposals, *inter alia* (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Reset Rate in respect of the Notes, (iv) to vary the currency of payment or denomination of the Notes or (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution. Any Extraordinary Resolution shall be passed by an affirmative vote of Noteholders holding at least three fourths in principal amount of the Notes for the time being outstanding held by the Noteholders present or represented at the meeting or, absent such majority, by an affirmative vote of Noteholders holding at least one third in principal amount of the Notes for the time being outstanding present or represented at the meeting, subject to such Extraordinary Resolution being approved by the competent Court of Appeals. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The above provisions are without prejudice to the mandatory provisions of Belgian corporate law.

Without prejudice to Condition 8, notices for convening meetings of Noteholders shall be valid if published twice in the Belgian Official Gazette (*Moniteur belge*) and in a newspaper of general circulation in every chief town of Belgium (*chef-lieu de chaque province*) at least 16 days and 8 days prior to any meeting.

### (b) Modification of Agency Agreement

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## **12. Default and enforcement**

### *(a) Winding-up*

Any Noteholder may, by notice to the Fiscal Agent and the Issuer, declare his Note to be due and payable, and the Notes shall accordingly become immediately due and payable at their principal amount together with accrued interest to the date of repayment and any Arrears of Interest, if any order is made or an effective resolution is passed for the winding-up, dissolution or bankruptcy of the Issuer or upon the commencement of judicial composition proceedings (*sursis de paiement, gestion contrôlée or concordat judiciaire*) in respect of the Issuer.

### *(b) Non-payment*

If the Issuer does not make payment in respect of the Notes (in the case of any payment of principal) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest is compulsory, any Noteholder may institute proceedings in the Kingdom of Belgium (but not elsewhere) in respect of the Issuer for the winding-up, dissolution, bankruptcy or judicial composition proceedings (*sursis de paiement, gestion contrôlée or concordat judiciaire*) of the Issuer.

### *(c) Breach of obligations*

A Noteholder may at its discretion institute such proceeding against the Issuer as it may think fit to enforce any obligations, condition, undertaking or provision binding on the Issuer under the Notes or the Coupons; provided that the Issuer shall not be virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

### *(d) Other remedies*

No remedy against the Issuer, other than the institution of the proceedings referred to in paragraphs (b) and (c) above or proving or claiming in any winding-up, dissolution or judicial composition proceedings or bankruptcy of the Issuer, shall be available to the Noteholders or the Couponholders whether for the recovery of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes or the Coupons.

## **13. Further issues**

The Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

## **14. Currency indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

## 15. Governing law and jurisdiction

### *(a) Governing law*

Subject as mentioned in the following sentence, the **Notes**, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law. The subordination provisions contained in Condition 6(b) are governed by, and shall be construed in accordance with, Belgian law.

### *(b) Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the **holders** of the Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### *(c) Service of process*

The Issuer irrevocably appoints the General Manager for the time being of Banque Internationale à Luxembourg S.A. of Shackleton House, Hay's Galleria, 4 Battle Bridge Lane, London SE1 2GZ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to, and received by, the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 8. Nothing shall affect the right to serve process in any manner permitted by law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Issue of Notes

Upon the deposit of the Permanent Global Note with, or a depository for, the National Bank of Belgium (the "BNB System") which will hold the Permanent Global Note in custody on behalf of the participants in its clearing system (the "BNB Participants"), the Issuer will credit each BNB Participant with a principal amount of Notes equal to the principal amount thereof for which its accountholders have subscribed and paid.

### Relationship of accountholders with the BNB Participants

Each of the persons shown in the records of the BNB Participants as the holder of a Note represented by the Permanent Global Note must look solely to such BNB Participant for his share of each payment made by the Issuer to the BNB Participants and in relation to all other rights arising under the Permanent Global Note, subject to and in accordance with the respective rules and procedures of the BNB Participants. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Permanent Global Note and such obligations of the Issuer will be discharged by payment to the BNB Participants in respect of each amount so paid.

### Exchange

*1. The Permanent Global Note.* The Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of the Permanent Global Note", in part for Definitive Notes (as defined in paragraph (3) below):—

- (a) if the Permanent Global Note is held on behalf of a BNB Participant (which itself is an operator of a clearing system) and any such BNB Participant is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (b) if principal in respect of any Notes is not paid when due (taking into account any applicable grace period), by the holder giving notice to the Principal Paying Agent of its election for such exchange.

*2. Partial Exchange of the Permanent Global Note.* For so long as the Permanent Global Note is held on behalf of a BNB Participant and the rules of that BNB Participant so permit, the Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due (taking into account any applicable grace period).

*3. Delivery of Notes.* On or after any due date for exchange the holder of the Permanent Global Note may surrender such Permanent Global Note or, in the case of partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, "Definitive Notes" means the definitive Notes in bearer form for which the Permanent Global Note may be exchanged having attached to it all Coupons in respect of interest that have not already been paid on the Permanent Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedule to the Agency Agreement. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

*4. Exchange Date.* "Exchange Date" means a day falling not less than 60 days or, in the case of failure to pay principal in respect of any Notes when due, 30 days after that on which the notice requiring exchange is given and on which banks are open for business in Brussels, in the city in which the specified office of the Principal Paying Agent is located and (except in the case of paragraph 1(a) above) in the city in which the relevant BNB Participant is located.

### Amendment to Conditions

The Permanent Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:—

*1. Payments.* No payment falling due after the Exchange Date will be made on the Permanent Global Note unless exchange for Definitive Notes is improperly withheld or refused. Subject to below, all payments in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of the Permanent Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on the Permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Notwithstanding the above, so long as the Permanent Global Note is held by the BNB System on behalf of the BNB Participants, such payments will be credited by the Issuer or by the Principal Paying Agent to the BNB Participants on behalf of their accountholders.

*2. Prescription.* Claims against the Issuer in respect of Notes that are represented by the Permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 5).

*3. Meetings.* Without prejudice to mandatory rules of Belgian corporate law, the holder of the Permanent Global Note shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of the Permanent Global Note shall be treated as having one vote in respect of each minimum denomination of Notes for which the Permanent Global Note may be exchanged.

*4. Cancellation.* Cancellation of any Note represented by the Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the Permanent Global Note.

*5. Purchase.* Notes represented by the Permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

*6. Issuer's option.* Any option of the Issuer provided for in the Conditions while the Notes are represented by the Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions.

*7. Default and enforcement.* The Permanent Global Note provides that the holder may cause the Permanent Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 12 by stating in the notice to the Principal Paying Agent the principal amount of the Permanent Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due (taking into account any applicable grace period), the holder of the Permanent Global Note may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 18th November, 1997 to come into effect in relation to the whole or a part of the Permanent Global Note in favour of the persons entitled to such part of the Permanent Global Note as accountholders with a clearing system. Following any such acquisition of direct rights, the Permanent Global Note will become void as to the specified portion.

*8. Notices.* Without prejudice to mandatory rules of Belgian corporate law, so long as any Notes are represented by the Permanent Global Note and the Permanent Global Note is held by the BNB System on behalf of a clearing system, notices to the holders of the Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Permanent Global Note except that, so long as the Notes are listed on the Paris Stock Exchange and the rules of that exchange so require, notices shall also be published in a French language newspaper having general circulation in Paris (which is expected to be the *La Tribune Desfossés*). **Any such notice to be given to a clearing system (other than the BNB System) shall be deemed to have been given to the Noteholders on the seventh day after the date on which such notice is given to such clearing system.**

## BELGIAN TAXATION ON THE NOTES

### Withholding tax

Withholding tax will be applicable to the Notes at the rate of 15 per cent. However, all payments by or on behalf of the Issuer of principal and interest on the Notes may be made without deduction of withholding tax for Notes held by certain eligible investors (the "Eligible Investors") in an exempt securities account (an "Exempt Account") with the BNB System or with a participant in such system (a "Participant").

Eligible Investors are those entities referred to in Article 4 of the *Arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Royal decree of 26th May, 1994 on the deduction of withholding tax) which include, *inter alia*, (i) all investors who are not residents of Belgium for Belgian tax purposes (provided in the case of non-resident collective investment schemes which are not separate legal entities that their units have not been and are not sold publicly in Belgium and provided in the case of non-resident investors who are individuals or non-profit organisations that they are not holding the Notes through an *établissement belge* (a "Belgian Establishment") within the meaning of Article 229 of the *Code des Impôts sur les revenus 1992* (Belgian income tax code 1992) (the "Tax Code") and do not conduct professional activities in Belgium as defined in Article 228, paragraph 2, sub-paragraph 4 of the Tax Code ("Belgian Professional Activities")) and (ii) all Belgian resident corporate investors validly formed as separate legal entities.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or certain non-profit making organisations.

Upon opening of an Exempt Account with the BNB System or with a Participant an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Minister of Finance. There are no ongoing declaration requirements for Eligible Investors. However, Participants are required to make annual declarations to the BNB System as to the eligible status of each investor for whom they hold Notes in an Exempt Account.

However, such documentary requirements do not apply to Notes held by Eligible Investors in a securities account with Euroclear or Cedel or with any Intermediary which is a participant in Euroclear or Cedel and is not established in the Kingdom of Belgium.

### Capital gains and income tax

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian Establishment and do not conduct Belgian Professional Activities will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes provided that they hold their Notes in an Exempt Account.

### Transfer tax

A *taxe sur les opérations de bourse* (tax on stock exchange transactions) at the rate of 0.07 per cent. (subject to a maximum amount of BEF 10,000 per party and per transaction) will be due upon the sale and purchase of Notes entered into or settled in Belgium in which a professional intermediary acts for either party; a separate tax is due from each of the seller and the purchaser both collected by the professional intermediary.

A *taxe sur les reports* (tax on purchase transactions) at the rate of 0.085 per cent. (subject to a maximum of BEF 10,000 per party and per transaction) will be due from each party to any such transaction in which a stockbroker acts for either party.

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents and certain Belgian institutional investors as defined in Article 126.1 2° of the *Code des taxes assimilées au timbre* (Code of taxes assimilated to stamp tax).

## USE OF PROCEEDS

The net proceeds of the issue of the Notes are estimated to amount to FRF 1,489,380,000 and will be used by CCB for its general corporate purposes.

## **CREDIT COMMUNAL DE BELGIQUE S.A./GEMEENTEKREDIET VAN BELGIË N.V. ("CCB")**

### **Profile and business**

CCB is the second largest banking group in Belgium with consolidated assets of BEF 3,777 billion (about U.S.\$118 billion<sup>(1)</sup>) as at 31st December, 1996. Together with Crédit Local de France ("CLF"), CCB forms the important European banking group DEXIA (the combined assets of CCB and of CLF being about BEF 6,851 billion (about U.S.\$214 billion)).

Pursuant to article 3 of its articles of association ("*statuts*"), the main corporate object of CCB is to help the financing of investments and operations of Belgian provinces, municipalities and related entities. As the basic function of CCB is to grant loans to the Belgian local public authorities, it had a market share of more than 90 per cent. as at 31st December, 1996.

CCB has strong relations with its local authorities customers and has traditionally offered such customers competitive lending rates. As security for its loans to local authorities, CCB includes in every loan agreement a clause irrevocably authorising it to withdraw amounts from such authority's current account with CCB and to apply such amounts in respect of payments due under such loan by the provincial or municipal authority.

In addition to its role in the financing of the local public sector in Belgium, CCB also plays an important role in the financing of the country's regional public sector (which currently consists of three Communities and three Regions), having there a market share of about 42 per cent. as at 31st December, 1996. CCB has also become the cashier of all these entities, responsible for their cash management. CCB developed its role as an investment banker to these clients, for instance by arranging and underwriting treasury bill programmes in favour of the French Community, the Region of Brussels Capital and the Walloon Region.

CCB has one of the largest retail networks in Belgium with nearly 1,000 branch offices as at 31st December, 1996. It is the largest retail deposit and savings institution in Belgium with approximately BEF 2,710 billion (about U.S.\$85 billion) of customer funds on a consolidated basis (savings accounts, other deposits and savings bonds) among which BEF 187.1 billion (about U.S.\$6 billion) are represented by public customers' deposits. CCB is particularly strong in savings bonds with approximately 30 per cent. of the Belgian market as at 31st December, 1996.

Over the last decades CCB has continuously expanded its domestic activities, and from a specialised credit institution it has evolved to a full service bank for all types of clients. CCB has also initiated a diversification strategy focused mainly on international expansion in private banking and municipal banking. CCB acquired the second largest Luxembourg bank, Banque Internationale à Luxembourg S.A. (BIL). CCB participates in the international private banking market principally through BIL.

In addition, CCB participates directly in both the Belgian and international money, capital and foreign exchange markets to meet the needs of its own operations (trading, funding, investment, product development and asset and liability management) and to meet its clients' increasing demands for market related products.

### **Share capital**

CCB is held 50 per cent. by each of the Crédit Communal-Holding (DEXIA Belgium) and the Crédit Local de France-Holding (DEXIA France) (see ownership structure on page 20). According to its articles of association ("*statuts*"), the corporate purpose of DEXIA Belgium is to hold 50 per cent. of the voting shares of CCB and of CLF. The share capital of DEXIA Belgium is held by both institutional and private investors. The majority of the shares is held by Holding Communal. According to its articles of association ("*statuts*"), Holding Communal has to maintain at least a majority of the voting shares of DEXIA Belgium. Holding Communal is owned by the ten Belgian provinces and the 589 Belgian municipalities. According to its articles of association, only Belgian municipalities and provinces can be shareholders of Holding Communal.

### **Ratios and credit ratings**

As a credit institution, the CCB is subject to the prudential supervision of the Belgian Banking and Finance Commission, and therefore has to comply with international solvency regulations. As at 31st December, 1996 CCB's BIS ratio<sup>(2)</sup> on a consolidated basis and after appropriation of the profit was 12.8 per cent. and its Tier 1 BIS ratio was 9.9 per cent.

CCB has the highest credit ratings in the Belgian banking sector, which are the same as those of the Kingdom. Apart from the credit ratings assigned to this debt programme, CCB enjoys an Aa1 rating from Moody's Investors Service and an AA+ rating from Standard and Poor's Ratings Services for its senior unsecured long-term debt and long-term deposits. CCB has also been granted a B+ Financial Strength rating by Moody's Investors Service, the highest assigned to Belgian banks.

(1) The U.S.\$/BEF exchange rate as at 31st December, 1996 was BEF 32.00 = U.S.\$1.00.

(2) Calculated according to the new Capital Adequacy Directive.

## THE DEXIA GROUP

### Profile

With total assets of BEF 6,851 billion (about U.S.D 214 billion\*) on a combined basis as at 31st December, 1996, the DEXIA Group is the twenty-second largest banking group in Europe. The DEXIA Group, through its two operating companies, CLF and CCB, is one of Europe's largest providers of local authority financing. Principal operations are in Belgium and France, as well as elsewhere in Europe (Germany, Spain, United Kingdom, Switzerland, Sweden and Portugal) and in the United States.

Created in October 1996, the DEXIA Group has been structured to co-ordinate the activities, strategies and financial resources of CLF and CCB through cross-shareholdings and a joint management structure while maintaining their individual commercial and management identities. The DEXIA Group has substantial fund raising capabilities as a result of CCB's extensive retail branch network in Belgium and Luxembourg and CLF's position as one of the leading issuers of long term debt on the international capital markets, particularly in Europe. In addition, the DEXIA Group has used the underwriting and securities distribution capabilities of CCB and its majority-owned subsidiary, BIL, to allow CLF to seek funding in certain new investor markets, particularly the retail investor markets in Belgium and Luxembourg, as well as CCB's and BIL's international private investor markets.

Through CCB's majority interests in BIL, the largest Luxembourg bank in terms of total consolidated assets, the DEXIA Group also has significant private banking and global custody activities.

### Strategy

The DEXIA Group's overall strategy is to spread its core business of local authority finance within Europe and, over the longer term, on a substantial basis outside Europe. With total assets of BEF 6,851 billion, shareholders' equity of BEF 163.7 billion and total capital (including subordinated debt, general banking risks reserve, shareholders' equity and minority interests) of BEF 297.9 billion at year-end 1996, management believes that the DEXIA Group has the financial strength to pursue such growth strategy. Moreover, the DEXIA Group believes that it will be able to take advantage of the new opportunities arising from the creation of a single financial market once a common currency is introduced in Europe. Management expects to build further on the DEXIA Group's position as the European market leader in local authority finance such that the DEXIA Group becomes a Europe-wide institution and a leading specialist in each of its principal markets.

The management structure of the DEXIA Group has been designed to facilitate the allocation of the Group's resources to targeted activities and markets. The DEXIA Group's strategy to expand its local authority financing business will build on the potential synergies within the Group. At an operational level, CCB, as a major retail bank, is expected to contribute significantly to financing CLF's substantial capital needs by using CCB's broad agency network to place securities issued by CLF. In addition, CCB and CLF will work together to expand the range and refine the characteristics of their different financing products to respond to the changing needs of their existing clients and to attract new clients.

In addition to its activities in local authority finance, the DEXIA Group has also made the expansion of its private banking and asset management businesses a strategic priority. Such businesses are operated in Belgium and Luxembourg, as well as elsewhere in Europe and internationally, by CCB or BIL. The DEXIA Group will also continue to explore opportunities for creating new sources of banking income.

In order to implement its strategy for business expansion, the DEXIA Group intends to pursue internal as well as external growth. The DEXIA Group is involved on a continuing basis in reviewing potential acquisitions in Europe and elsewhere, which may or may not represent material transactions, as part of its growth strategy. In order to streamline and rationalise the operations and management of its international public authority financing and structured finance activities outside Belgium and France, the DEXIA Group is considering centralising such activities in a newly created wholly-owned subsidiary.

### Crediop

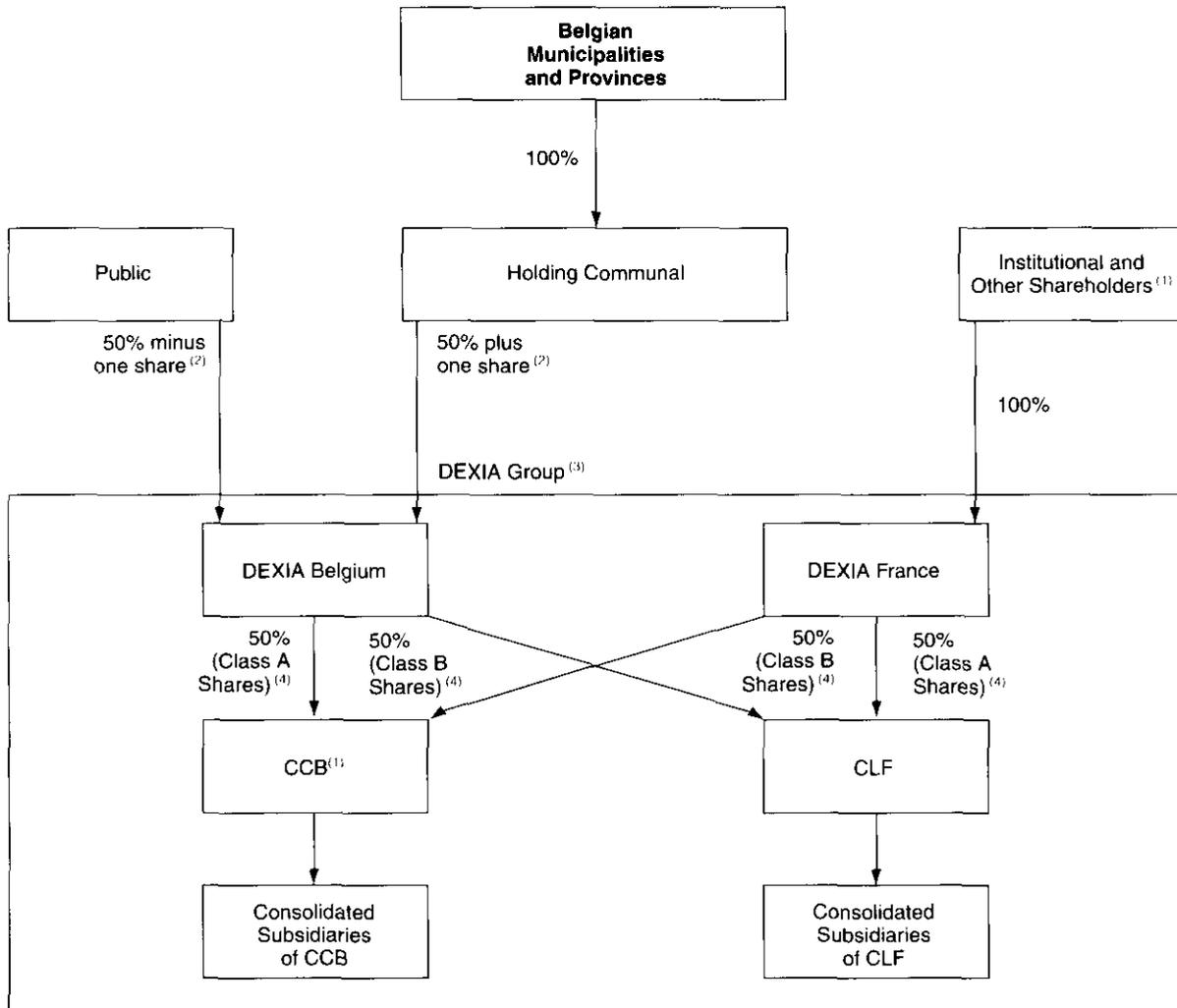
As part of the Group's international growth strategy, the DEXIA Group has entered into a purchase agreement to acquire, subject to certain regulatory approvals and other closing conditions, a 40 per cent. interest in Crediop, a major Italian institution specialising in medium- and long-term lending to finance investment projects by industry and local governments. On the basis of outstanding loans to customers at year-end 1996, Crediop

\* The U.S.\$/BEF exchange rate as at 31st December, 1996, was BEF 32.00 = U.S. 1.00

estimates that it is the second largest lender in the Italian public services financing sector. As at 31st December, 1996, Crediop had total assets of Lit. 32,656 billion **and** approximately Lit. 26,921 billion in customer loans outstanding (on an unconsolidated basis).

Management expects that the Crediop investment will **allow** the DEXIA Group to establish an important presence in Italy, which management believes has substantial **development** potential in the public financing market. The DEXIA Group intends to take an active role in the **management** of Crediop, particularly with respect to the creation of opportunities for cooperative financing activities.

## Ownership structure



(1) Caisse des dépôts et consignations, a public institution forming part of the French national administration, and CCB hold 12 per cent. and 5 per cent. respectively, of the outstanding ordinary shares of DEXIA France.

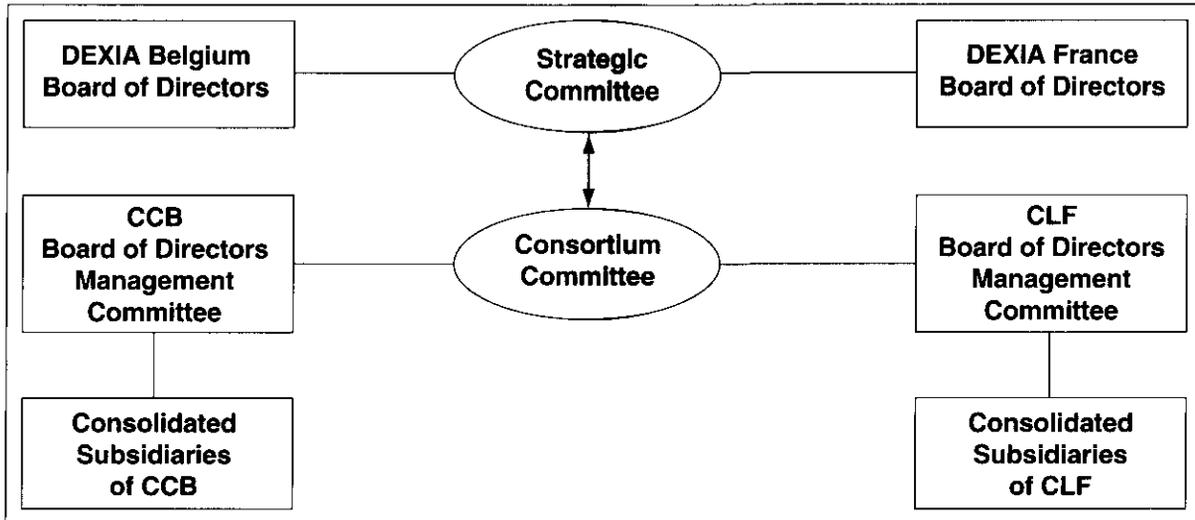
(2) The Group Société Mutuelle des Administrations Publiques/Onderlinge Maatschappij der Openbare Besturen ("SMAP/OMOB") holds 5 per cent. of the outstanding Ordinary Shares of DEXIA Belgium.

(3) For a description of the management structure of the DEXIA Group, see "Co-ordinated management structure of the Group" on page 21.

(4) The outstanding ordinary shares of each of CCB and CLF are divided into two equal classes, Class A and Class B. With respect to each of CCB and CLF, both classes of shares have equal rights, except as regards the distribution of dividends, the election of Directors and rights upon liquidation.

**Co-ordinated management structure of the Group**

Within the context of the DEXIA Group, each of DEXIA Belgium, CCB, DEXIA France and CLF, maintains its respective management structure. In addition, a co-ordinated management structure for the DEXIA Group has been established in accordance with the Shareholders’ Agreement and the Consortium Agreement, as set forth in the diagram below.



*Strategic Committee*

The Strategic Committee established under the Shareholders’ Agreement is composed of eight persons, each of whom is also a member of the Board of Directors of DEXIA France, DEXIA Belgium, CLF and CCB. Four of the members of the Strategic Committee are also members of the Consortium Committee. The purpose of the Strategic Committee is to ensure the overall co-ordination of the Group’s policies.

*Consortium Committee*

The Consortium Committee established under the Consortium Agreement is composed of four persons, two of whom are members of the Management Committee of CLF and two of whom are members of the Management Committee of CCB. The purpose of the Consortium Committee is to ensure the co-ordination of the DEXIA Group at an operational level by co-ordinating (i) the decisions of CLF’s and CCB’s respective Boards of Directors and Management Committees and (ii) the implementation of such decisions.

*DEXIA France and DEXIA Belgium*

The Boards of Directors of each of DEXIA France and DEXIA Belgium represent each company’s respective shareholders while at the same time providing representation for the other holding company and each of CLF and CCB. The Managing Director and the Chief Executive Officer of DEXIA France and DEXIA Belgium, respectively, are chosen upon the recommendation of both companies’ respective Boards of Directors.

*CLF and CCB*

The Boards of Directors of CLF and CCB have a majority of voting members nominated by DEXIA France and DEXIA Belgium, respectively. In addition, each of the Boards of Directors of CLF and CCB includes members of the Management Committees of both CLF and CCB (“executive members”), with a majority of the executive members of the Boards of CLF and CCB nominated by DEXIA France and DEXIA Belgium respectively. When the non-voting members of the Boards of Directors are taken into account, the composition of the two Boards is identical.

## MANAGEMENT AND SUPERVISION

### Management—Board of Directors

In accordance with Belgian law governing Belgian *sociétés anonymes* and the *statuts* of CCB, CCB is administered by its Board of Directors, which is granted the widest powers in relation to CCB. The Board of Directors is entitled to take any action the right to which is not expressly reserved to the shareholders of CCB by law or the *statuts* of CCB. In accordance with Belgian banking law, the Board of Directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the Board of Directors by law. The Board of Directors of CCB has delegated to the Management Committee of CCB all such powers to the maximum extent permitted under Belgian law on 23rd October, 1996.

Pursuant to the *statuts* of CCB and the Group Agreements, the Board of Directors of CCB is composed of 20 members appointed for terms of six years, and includes (i) six members appointed following nomination by the shareholders of Class A shares, (ii) six members appointed following nomination by the shareholders of Class B shares, (iii) six members with professional banking experience appointed following nomination by the shareholders of Class A shares upon proposal by the Board of Directors of CCB, each of whom must also be a member of the Management Committee of CCB and (iv) two members of the Management Committee of CLF appointed following nomination by the holders of Class B shares. In addition, four other members of the Management Committee of CLF attend the meetings of the Board of Directors of CCB in an advisory capacity and without the right to vote. The table below sets forth the names, principal occupation or employment, dates of initial election as directors and the years of expiration of their current terms as members of the Board of Directors of CCB.

<i>Name</i>	<i>Principal occupation or employment</i>	<i>Director Since*</i>	<i>Term Expires</i>
<b>Members nominated by Class A shareholders:</b>			
Marc Deconinck .....	Chairman	1997	2002
Rik Daems .....	Vice Chairman	1996	2002
Frank Beke .....	Burgomaster—Ghent	1995	2002
François-Xavier de Donnea .....	Burgomaster—Brussels	1992	2002
Tony Van Parys .....	Member—Parliament	1990	2002
<b>Members nominated by Class B shareholders:</b>			
Philippe Bourguignon .....	Chairman of Management Board—Club Méditerranée	1997	2002
Jean-Pierre Brunel .....	Deputy Chief Executive Officer—Caisse des dépôts et consignations	1996	2002
Denis Kessler .....	Chairman—Fédération Française des Sociétés d'Assurances	1996	2002
Philippe Lagayette .....	Chief Executive Officer—Caisse des dépôts et consignations	1996	2002
Pieter-Paul van Besouw .....	Chairman of Management Board—Bank Nederlandse Gemeenten N.V.	1996	2002
Gérard Worms .....	Chairman—Partnership Committee of Rothschild & Cie Banque	1996	2002
<b>Members nominated by Class A shareholders upon proposal by the Board of CCB, members of CCB's Management Committee:</b>			
Jozef Asselbergh .....	Head, Resources and Logistics Department—CCB	1993	2002
Martine Decamps .....	Head, Management Information Department—CCB	1993	2002
François Narmon .....	President—CCB	1993	2002
Luc Onclin .....	Vice President—CCB	1993	2002
Guy Schifflers .....	Head, Public Sector and Large Enterprises Department—CCB	1993	2002
Paul Vanzeveren .....	Head, Financial Markets and Legal Services Department—CCB	1994	2002
<b>Members of Management Committee of CLF nominated by Class B shareholders:</b>			
Pierre Richard .....	Chairman and Chief Executive Officer—CLF	1996	2002
Rembert von Lowis .....	Senior Executive Vice President Finance—CLF	1996	2002

<i>Name</i>	<i>Principal occupation or employment</i>	<i>Director since*</i>	<i>Term expires</i>
Advisors (without a vote):			
Jacques Guerber .....	Senior Executive Vice President— CLF	1996	2002
Roland Hecht .....	Executive Vice President International—CLF	1996	2002
Olivier Ritz .....	General Secretary—CLF	1996	2002
Philippe Valletoux .....	Advisor to the Chairman—CLF	1996	2002

\* Refers to the initial year of election as director of CCB prior to the formation of the CCB-CLF Group, if applicable.

### Management Committee

Pursuant to Belgian banking law, the *statuts* of CCB and the *protocole sur l'autonomie de la fonction bancaire*, the Board of Directors of CCB appoints a Management Committee (*Comité de direction*) which consists of a maximum of six members. The President, Vice President and members are appointed by the Board of Directors from among the members of the Board on the basis of proposals by the Management Committee and with the consent (*avis conforme*) of the Banking and Finance Commission. The President, Vice President and members of the Management Committee may be dismissed by the Board of Directors on the advice of the Management Committee and with the consent (*avis conforme*) of the Banking and Finance Commission. Upon leaving the Management Committee, such a member automatically loses his status as member of the Board of Directors. Pursuant to the Consortium Agreement, the President is chosen upon the joint recommendation of the Boards of Directors of CCB and CLF. In the event of disagreement, the Board of Directors of CCB will appoint the President as decided by two-thirds of its members voting.

Pursuant to its *statuts*, CCB is represented, both in legal proceedings and in relation to third parties by two members of the Management Committee acting jointly with power to delegate special powers with regard to certain matters. The members of the Management Committee were appointed on 23rd October, 1996.

The table below sets forth the names, positions and dates of initial appointment of the members of the Management Committee.

<i>Name</i>	<i>Position</i>	<i>Member since*</i>
François Narmon .....	President	1979
Luc Onclin .....	Vice President	1984
Jozef Asselbergh .....	Member	1986
Guy Schiffers .....	Member	1989
Martine Decamps .....	Member	1993
Paul Vanzeveren .....	Member	1994

\* Refers to the initial year of appointment as a member of the Management Committee of CCB, prior to the formation of the CCB-CLF Group, if applicable.

François Narmon has been President of CCB since 1979. Mr. Narmon also served as General Secretary of CCB from 1972 to 1979, as Executive Officer from 1969 to 1972, as Secretary to the Management Committee from 1961 to 1969 and as manager from 1957 to 1960.

Luc Onclin has been a member of CCB's Management Committee since 1984, was nominated Vice President in 1989 and is in charge of the Private Customers, Small Enterprises & Self-Employed Persons Department. Mr. Onclin also served as head of the Retail Agency Network from 1981 to 1984, in the Private Clientele Division from 1974 to 1980 and in the Legal Division from 1971 to 1973.

Jozef Asselbergh has been a member of CCB's Management Committee since 1986 and is in charge of the Resources and Logistics Department. Mr. Asselbergh also served as manager and head of the North East Area from 1974 to 1986.

Guy Schiffers has been a member of CCB's Management Committee since 1989 in charge of the Public Sector and Large Enterprises Department. Mr. Schiffers also served as executive officer of the Center Area from 1986 to 1988, as head of the Issue Division from 1981 to 1985 and as manager in the Personnel Division from 1970 to 1980.

Martine Decamps has been a member of CCB's Management Committee since 1993 and is in charge of CCB's Management Information Department. Mrs. Decamps also served as head of CCB S.A.'s Strategic Planning Division from 1989 to 1992, head of the Finance Division from 1987 to 1988, as manager and head of the

Internal Audit and Management Division from 1979 to 1986 and as a manager of the Organisation Division from 1973 to 1978.

*Paul Vanzeveren has been a member of CCB's Management Committee since 1994 and is in charge of CCB's Financial Markets and Legal Services Department. Mr. Vanzeveren also served as Inspector General in charge of the Audit and Control Division from 1992 to 1994, as head of the International Finance Division from 1989 to 1992, as officer in and then head of the Capital Markets Division from 1981 to 1988, and as officer in CCB's Loans to Public Sector Clients Division from 1977 to 1980.*

### **Supervision**

The audit of CCB's financial statements is entrusted to the statutory auditors, Mr. Robert Pierce and Mr. Daniel Van Woensel, who are appointed by the General Assembly on the proposal of the Board of Directors and on presentation by the Works Council.

Since 12th December, 1992, CCB has been under the control of the Banking and Finance Commission.

### **Annual accounts**

*The annual accounts relate to the first financial year of the new CCB, which was set up on 15th July, 1996.*

On 23rd October, 1996, the former CCB transferred all its assets and liabilities to the new CCB. As far as accounting is concerned, this transfer takes retroactive effect from 1st January, 1996 on the basis of the accounts of the transferring company closed on 31st December, 1995.

The financial year of the new CCB closed on 31st December, 1996 is compared with the financial year of the former CCB closed on 31st December, 1995 given that both companies are in fact the same economic entities. To enable a better comparison of the financial years, the financial year closed on 31st December, 1996 was adjusted according to the valuation rules for the 1996 financial year.

The annual accounts of the new CCB lodged with the National Bank of Belgium only relate to the 1996 financial year.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

## NON-CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF CCB

### Balance sheet after profit distribution

	As at	
	31st December, 1995	31st December, 1996
(in thousands of BEF)		
<b>ASSETS</b>		
I. Cash in hand, balances with central banks and post office banks .....	3,033,281	5,180,925
II. Treasury bills eligible for refinancing with the central bank .....	98,478,595	97,095,729
III. Loans and advances to credit institutions .....	339,234,675	323,662,158
A. Repayable on demand .....		1,971,673
B. Other loans and advances (with agreed maturity dates or periods of notice) .....		337,263,002
IV. Loans and advances to customers .....	1,290,255,743	1,403,500,205
V. Debt securities including fixed-income securities .....	744,875,895	799,278,748
A. Issued by public bodies .....		595,714,213
B. Issued by other borrowers .....		149,161,682
VI. Shares and other equity investment securities .....	17,262,513	25,552,727
VII. Financial fixed assets .....	32,258,216	33,371,622
A. Participating interests in affiliated enterprises .....		17,631,112
B. Participating interests in other enterprises linked by participating interests .....		9,203,292
C. Other shares held as financial fixed assets .....		4,799,740
D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests .....		624,072
VIII. Formation expenses and intangible fixed assets .....	—	136,921
IX. Tangible fixed assets .....	19,452,237	19,363,061
X. Own shares .....	525	—
XI. Other assets .....	4,763,741	5,859,053
XII. Deferred charges and accrued income .....	47,916,972	63,949,471
<b>Total Assets</b> .....	<u>2,597,532,394</u>	<u>2,776,950,620</u>
<b>Off-balance sheet items</b>		
I. Contingent liabilities .....	106,965,789	120,844,186
B. Guarantees serving as direct credit substitutes .....		103,086,596
C. Other guarantees .....		3,869,145
D. Documentary credits .....		10,048
II. Commitments which could give rise to a credit risk .....	352,014,911	501,567,447
A. Firm credit commitments .....		123,998,663
B. Commitments as a result of spot purchases of transferable or other securities .....		2,457
C. Undrawn margin on confirmed credit lines .....		224,203,107
D. Underwriting and placing commitments .....		3,810,684
III. Assets lodged with the credit institution .....	647,679,644	695,755,848
B. Safe custody and equivalent items .....		647,679,644
IV. Uncalled amounts of share capital .....	930,430	1,166,052
<b>LIABILITIES</b>		
I. Amounts owed to credit institutions .....	519,448,794	596,600,669
A. Repayable on demand .....		2,422,586
B. Other debts with agreed maturity dates or periods of notice .....		517,026,208
II. Amounts owed to customers .....	775,663,369	886,048,381
A. Savings deposits .....		272,801,260
B. Other debts .....		502,862,109
1. Repayable on demand .....		183,526,806
2. With agreed maturity dates or periods of notice .....		319,335,303
III. Debts evidenced by certificates .....	1,125,886,602	1,089,857,230
A. Debt securities in issue .....		1,125,886,602
IV. Other liabilities .....	4,775,325	12,042,172
V. Accrued charges and deferred income .....	70,416,847	83,123,998
VI. Provisions for liabilities and charges and deferred taxes .....	5,390,862	6,456,170
A. Provisions for liabilities and charges .....		5,009,617
1. Taxation .....		806,551
2. Other liabilities and charges .....		4,203,066
B. Deferred taxes .....		381,245
VII. Fund for general banking risks .....	9,900,000	10,500,000
VIII. Subordinated liabilities .....	26,418,013	30,269,419
<b>Capital and reserves</b> .....	59,632,582	62,052,580
IX. Capital .....	15,000,000	59,420,799
A. Issued capital .....		15,000,000
X. Share premium account .....	35,451	—
XI. Revaluation surpluses .....	203,287	—
XII. Reserves .....	44,350,520	2,521,090
A. Legal reserve .....		1,500,000
B. Reserves not available for distribution .....		134,577
1. In respect of own shares held .....		525
2. Other .....		134,052
C. Untaxed reserves .....		7,501,660
D. Reserves available for distribution .....		35,214,282
XIII. Accumulated profits .....	43,324	110,691
<b>Total Liabilities</b> .....	<u>2,597,532,394</u>	<u>2,776,950,620</u>

## Income statement

	For the year ended	
	31st December, 1995	31st December, 1996
	(in thousands of BEF)	
I. Interest receivable and similar income .....	170,189,356	163,246,467
including that from fixed-income securities .....	61,471,820	60,298,343
II. Interest payable and similar charges ( - ) .....	(138,952,511)	(130,114,743)
III. Income from variable-yield securities .....	2,642,859	2,776,863
A. From shares and other variable-yield securities .....	1,066,678	1,112,156
B. From participating interests in affiliated enterprises .....	675,288	524,656
C. From participating interests in other enterprises linked by participating interests .....	706,111	700,393
D. From other shares held as financial fixed assets .....	194,782	439,658
IV. Commissions receivable .....	3,282,616	4,061,273
V. Commissions payable ( - ) .....	(10,012,440)	(9,624,590)
VI. Profit (loss) on financial transactions (+)( - ) .....	2,088,407	3,214,599
A. Profit (loss) on trading of securities and other financial instruments (+)( - ) ..	977,143	1,060,700
B. Profit (loss) on disposal of investment securities (+)( - ) .....	1,111,263	2,153,900
VII. General administrative expenses ( - ) .....	(15,361,844)	(16,689,250)
A. Remuneration, social security costs and pensions .....	9,858,274	10,437,357
B. Other administrative expenses .....	5,503,570	6,251,893
VIII. Depreciation and amounts written off formation expenses, intangible and tangible fixed assets ( - ) .....	(4,197,948)	(4,046,269)
IX. Adjustments in amounts written off receivables and in provisions for off-balance sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a credit risk" ( - )(+) .....	(2,119,621)	(1,279,004)
X. Adjustments in amounts written off the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities ( - )(+) .....	302,620	(31,000)
XI. Utilisations and write-backs of provisions for liabilities and charges other than those included in the off-balance sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a credit risk" ..	1,016,601	960,180
XII. Provisions for liabilities and charges other than those included in the off-balance sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a credit risk" ( - ) .....	(1,394,503)	(2,259,415)
XIII. Transfer from (Transfer to) the fund for general banking risks (+)( - ) .....	(600,000)	(600,000)
XIV. Other operating income .....	2,306,188	2,127,247
XV. Other operating charges ( - ) .....	(764,623)	(1,113,272)
XVI. Profit on ordinary activities before taxes .....	8,425,154	10,629,089
XVII. Extraordinary income .....	949,708	573,579
A. Adjustments to depreciation of and to other amounts written off intangible and tangible fixed assets .....	30,106	6,207
B. Adjustments to amounts written off financial fixed assets .....	108,000	30,000
D. Gain on disposal of fixed assets .....	811,601	537,372
XVIII. Extraordinary charges ( - ) .....	(163,411)	(6,241)
B. Amounts written off financial fixed assets .....	16,454	—
D. Loss on disposal of fixed assets .....	38,518	5,569
E. Other extraordinary charges .....	108,439	672
XIX. Profit for the year before taxes .....	9,211,451	11,196,427
XIX. Bis. A. Transfer to deferred taxes ( - ) .....	(295,049)	(14,160)
B. Transfer from deferred taxes .....	8,662	—
XX. Income taxes ( - )(+) .....	(2,961,617)	(4,132,487)
A. Income taxes ( - ) .....	(3,184,460)	(4,391,220)
B. Adjustment of income taxes and write-back of tax provisions .....	222,843	258,733
XXI. Profit for the year .....	5,963,447	7,049,781
XXII. Transfer to untaxed reserves ( - ) .....	(439,452)	(21,090)
Transfer from untaxed reserves .....	25,504	—
XXIII. Profit for the year available for appropriation .....	5,549,499	7,028,691

## Appropriation account

	Audited	
	31st December, 1995	31st December, 1996
	(in thousands of BEF)	
A. Profit (Loss ( - )) to be appropriated .....	5,649,009	7,028,691
1. Profit (Loss ( - )) for the year available for appropriation .....	5,549,499	7,028,691
2. Profit (Loss ( - )) brought forward .....	99,510	—
C. Appropriations to capital and reserves ( - ) .....	(4,905,685)	(2,500,000)
2. To legal reserves .....	—	1,250,000
3. To other reserves .....	4,905,685	1,250,000
D. Result to be carried forward ( - ) .....	(43,324)	(110,691)
1. Profit to be carried forward .....	43,324	110,691
F. Distribution of profit ( - ) .....	(700,000)	(4,418,000)
1. Dividends .....	700,000	4,418,000

## CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF CCB

### Balance sheet after appropriation

	1995	1996	
	(in thousands of BEF)		
<b>ASSETS</b>			
I. Cash in hand, balances with central banks and post office banks	4,558,114		20,004,437
II. Treasury bills eligible for refinancing with the central banks	139,567,183		133,441,609
III. Loans and advances to credit institutions	776,873,287		680,102,033
A. Repayable on demand		34,662,829	7,327,719
B. Other loans and advances (with agreed maturity dates or periods of notice)		742,210,458	672,774,314
IV. Loans and advances to customers	1,444,084,703		1,575,852,641
V. Bonds and other fixed-income securities	1,002,180,595		1,178,992,398
A. Issued by public bodies		729,522,786	765,631,253
B. Issued by other borrowers		272,657,809	413,361,145
VI. Shares and other equity investment securities	5,174,735		15,181,760
VII. Financial fixed assets	25,985,310		28,628,022
A. Enterprises accounted for under the equity method		11,237,321	12,476,154
1. Participating interests		11,162,321	12,401,154
2. Subordinated loans		75,000	75,000
B. Other enterprises		14,747,989	16,151,868
1. Participating interests, shares and units		14,747,989	16,151,868
VIII. Formation expenses and intangible fixed assets	4,475,333		4,238,766
IX. Consolidation differences	4,150,797		3,415,554
X. Tangible fixed assets	37,818,145		38,269,973
XI. Own shares	29,493		5,919
XII. Other assets	6,419,252		12,982,068
XIII. Deferred charges and accrued income	67,499,691		86,368,628
<b>Total Assets</b>	<b>3,518,816,638</b>		<b>3,777,483,808</b>
<b>Off-balance sheet items</b>			
I. Contingent liabilities	68,831,958		38,039,173
A. Non-negotiated acceptances		1,170,953	1,563,932
B. Guarantees serving as direct credit substitutes		21,240,648	11,909,598
C. Other guarantees		44,728,821	9,502,492
D. Documentary credits		1,691,536	1,342,811
E. Assets charged as collateral security on behalf of third parties			13,720,340
II. Commitments which could give rise to a credit risk	715,343,296		596,143,696
A. Firm credit commitments		140,726,780	97,585,209
B. Commitments as a result of spot purchases of transferable or other securities		214,247	1,978,069
C. Undrawn margin on confirmed credit lines		566,564,835	368,361,779
D. Underwriting and placing commitments		3,810,684	94,135,539
E. Commitments as a result of open-ended sale and repurchase agreements		4,026,750	34,083,100
III. Assets entrusted to enterprises included in the consolidation	3,962,956,586		6,711,856,779
A. Assets held for fiduciary purposes		74,398,365	80,446,572
B. Sale custody and equivalent items		3,888,558,221	6,631,410,207
IV. Uncalled amounts of share capital	619,158		772,967
<b>LIABILITIES</b>			
I. Amounts owed to credit institutions	695,644,071		755,420,449
A. Repayable on demand		29,576,954	14,215,153
C. Other debts with agreed maturity dates or periods of notice		666,067,117	741,205,296
II. Amounts owed to customers	1,269,034,074		1,367,270,427
A. Savings deposits		272,801,260	341,740,389
B. Other debts		996,232,814	1,025,530,038
1. Repayable on demand		417,942,894	343,680,466
2. With agreed maturity dates or periods of notice		578,289,920	681,849,572
III. Debts evidenced by certificates	1,286,641,013		1,342,608,370
A. Bonds and other fixed-income securities in circulation		1,210,898,594	1,212,831,946
B. Other		75,742,419	129,776,424
IV. Other liabilities	10,419,164		20,962,723
V. Accrued charges and deferred income	85,515,301		98,047,059
VI. Provisions, deferred taxes and potential tax liability	23,542,623		34,109,956
A. Provisions for liabilities and charges		14,425,298	25,809,228
1. Pensions and similar obligations		2,733,335	3,254,299
2. Taxation		3,768,779	5,117,416
3. Other liabilities and charges		7,923,184	17,437,513
B. Deferred taxes and potential tax liability		9,117,325	8,300,728
VII. Fund for general banking risks	14,528,336		16,289,418
VIII. Subordinated liabilities	47,916,761		50,339,756
<b>Capital and reserves</b>	<b>74,791,759</b>		<b>80,088,416</b>
IX. Capital	59,418,299		59,420,799
A. Issued capital		59,418,299	59,420,799
XI. Revaluation surpluses	17,386		17,386
XII. Reserves and accumulated profit	13,679,069		18,968,002
XIII. Consolidation differences	1,679,300		1,686,314
XIV. Translation differences (+/-)	(2,295)		(4,085)
<b>Minority interests</b>	<b>10,783,536</b>		<b>12,347,234</b>
XV. Minority interests	10,783,536		12,347,234
<b>Total Liabilities</b>	<b>3,518,816,638</b>		<b>3,777,483,808</b>

## Income statement

	1995	(in thousands of BEF)		1996
I. Interest receivable and similar income .....	219,937,303		215,950,774	
of which interest from fixed-income securities .....		81,259,677		95,388,210
II. Interest payable and similar charges ( - ) .....	(178,340,642)		(172,433,477)	
III. Income from equity investments securities .....	1,806,946		2,348,544	
A. From shares and other equity investment securities .....		164,279		1,149,115
B. From participating interests and shares constituting financial fixed assets .....		1,642,667		1,199,429
IV. Commissions receivable .....	9,452,673		11,561,211	
V. Commissions payable ( - ) .....	(6,774,538)		(7,928,915)	
VI. Profit (loss) on financial transactions ( + )( - ) .....		3,696,048		5,324,222
A. On trading of securities and other financial instruments ( + )( - ) ..		692,337		2,288,136
B. On disposal of Investment securities ( + )( - ) .....		3,003,711		3,036,086
VII. General administrative expenses ( - ) .....	(24,061,495)		(25,532,828)	
A. Remuneration, social security costs and pensions .....		(15,144,842)		(15,673,197)
B. Other administrative expenses .....		(8,916,653)		(9,859,631)
VIII. Depreciation and write-downs on formation expenses and intangible and tangible fixed assets ( - ) .....	(8,468,662)		(8,941,381)	
IX. Adjustments in write-downs on receivables and in provisions or off- balance sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a credit risk" (increase " - ", Decrease " + ") .....	(2,908,608)		(2,500,094)	
X. Adjustments in write-downs on the investment portfolio of debt securities, shares and other fixed-income or equity investment securities (increase " - ", Decrease " + ") .....	151,298		(435,768)	
XI. Utilisation and write-backs of provisions for liabilities and charges other than those included in the off-balance sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a credit risk" .....	1,299,929		1,301,930	
XII. Provisions for liabilities and charges other than those included in the off-balance sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a credit risk" ( - ) .....	(3,050,990)		(8,678,889)	
XIII. Fund for general banking risks (increases " - ", Decrease " + ") .....	(1,577,770)		(1,761,082)	
XIV. Other operating income .....	4,682,504		8,869,076	
XV. Other operating charges ( - ) .....	(2,269,163)		(2,005,344)	
XVI. Profits on normal business activities before tax of consolidated enterprises .....	13,574,833		15,137,979	
XVII. Extraordinary income .....	1,127,451		1,032,423	
A. Adjustments to depreciation and write-downs on intangible and tangible fixed assets .....		35,276		44,550
B. Adjustments on write-downs on financial fixed assets .....		125,702		546
C. Adjustments to provisions for extraordinary liabilities and charges .....		77		835
D. Gain on disposal of fixed assets .....		871,815		906,001
E. Other extraordinary income .....		94,581		80,491
XVIII. Extraordinary charges ( - ) .....	(363,801)		(394,789)	
A. Extraordinary depreciation/amortisation of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets .....		(8,405)		(176,750)
B. Write-downs on financial fixed assets .....		(16,454)		—
D. Loss on disposal of fixed assets .....		(80,304)		(97,650)
E. Other extraordinary charges .....		(258,638)		(120,389)
XIX. Profit for the year before tax and consolidated enterprise .....	14,338,483		15,775,613	
XXI. Income taxes ( - )( + ) .....	(5,718,834)		(6,087,516)	
A. Income taxes ( - ) .....		(6,241,908)		(6,809,441)
B. Adjustment of income taxes and write-back of tax provisions .....		523,074		721,925
XXII. Profit of consolidated enterprises .....	8,619,649		9,688,097	
XXIII. Portion of the results of the enterprises accounted for under the equity method .....	1,152,244		1,587,452	
A. Results showing profit ( + ) .....		1,204,978		1,587,452
B. Results showing loss ( - ) .....		(52,734)		
XXIV. Consolidated profit .....	9,771,893		11,275,549	
XXV. Share of minority interests in result .....	1,246,154		1,584,605	
XXVI. Share of group in result .....	8,525,739		9,690,944	

## RECENT DEVELOPMENTS

### **Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V.**

As at 30th June, 1997, CCB had consolidated assets of BEF 4,041 billion, as compared with BEF 3,743 billion as at 30th June, 1996, representing an increase of 8 per cent.

Net banking income amounted to BEF 34,161 million in the first six months of 1997, as compared with BEF 31,863 million at the end of June 1996, representing an increase of 7.21 per cent.

Operating expenses increased by 0.95 per cent to BEF 20,730 million as at 30th June, 1997, compared with BEF 20,534 million as at 30th June, 1996.

The operating ratio stood at 60.68 per cent as at 30th June, 1997, down 5.8 per cent from the 64.44 per cent recorded on 30th June, 1996.

Net income before minority interests totalled BEF 13,431 million, as compared with BEF 11,329 million as at 30th June, 1996, representing an increase of 18.56 per cent.

Net income was BEF 7,753 million at the end of June 1997, as compared with BEF 5,715 million in the first six months of 1996, representing an increase of 34.0 per cent.

### **Dexia France and Dexia Belgium**

Net income per share increased by 23.4 per cent at Dexia France — FRF 29.15 as at 30th June, 1997, as compared with FRF 23.62 as at 30th June, 1996.

Net assets per share at Dexia France rose from FRF 481.20 as at 31st December, 1996 to FRF 495.5 as at 30th June, 1997.

Net income per share at Dexia Belgium was BEF 196.10 as at 30th June, 1997. Net assets per share at Dexia Belgium amounted to BEF 3,000.13 as at 30th June, 1997.

## THE MUNICIPAL SECTOR IN BELGIUM

With more than 90 per cent. of the market in terms of total loans outstanding, CCB's principal business is providing financing to Belgian local authorities. Set forth below is a brief overview of local authority finance in Belgium.

### Local authority finance in Belgium

In addition to the federal government, with its capital at Brussels, Belgium has three levels of government administration:

- Regions and Communities.* Belgium is divided into the Flemish Region, the Walloon Region and the Brussels Region, with each region principally responsible for its own economic matters. Belgium is also organised into three "Communities"—Flemish, French and German—based on cultural and language groupings, which offer certain services such as education and culture;
- Provinces.* Below the Regions and Communities, Belgium has 10 provinces. The provinces have a large degree of autonomy and finance various activities, such as education and roadworks; and
- Municipalities.* Belgium has 589 municipalities, which provide most local services. Inter-municipal organisations have also developed where coordination between different municipalities can best take advantage of economies of scale, such as energy distribution and sewage treatment.

The provinces and the municipalities are generally considered to be the core of the "local sector", in addition to related organisations such as inter-municipal associations and the public aid centres (*centres publics d'aide sociale*, or "CPAS"), which provide basic health and social services, including certain types of public housing. These local sector entities invested a total of approximately BEF 70 billion in 1996. The tables below set forth (i) the portion of total local sector investment represented by the municipalities, inter-municipal organisations, provinces, CPAS and other local sector associations for the year ended 31st December, 1996 and (ii) this level of investment debt, both including and excluding subsidies by the central government and regions, represented by the municipalities, inter-municipal associations, provinces, CPAS, and other organisations at year-end 1996.

	Year ended 31st December, 1996 (per cent.)
Municipalities .....	67.6
Inter-municipal organisations .....	10.6
Provinces .....	7.4
CPAS .....	13.3
Other .....	1.1
Total .....	100.0

	At 31st December, 1995			
	Total		Total loss debt subsidised by the central government and the regions	
	BEF	% change from 1995	BEF	% change from 1995
	(in billions, amount percentages)			
Municipalities .....	347.9	4.8	307.1	6.7
Inter-municipal organisations .....	59.8	(1.5)	44.5	(2.3)
Provinces .....	45.9	(0.3)	43.8	(0.3)
CPAS .....	7.3	2.7	49.6	4.1
Other .....	4.3	(3.7)	4.2	(2.4)
Total .....	530.9	2.0	449.2	5.8

### Overall trends for local authorities

*Structure of revenues and expenditures.* Based on budgets prepared for 1997, total revenues for municipalities, provinces and CPAS are expected to increase by 3.2 per cent. from total revenues in 1996, whereas total expenditures are expected to increase by 3.8 per cent. from total expenditures in 1996, which were 3.4 per cent.

greater than total expenditures in 1995. The table below sets forth the main sources of revenue for municipalities, provinces and CPAS and the main items of expenditure based on the 1997 annual budget.

	<u>BEF in millions*</u>	<u>%*</u>	<u>% change from 1996*</u>
<b>Revenues</b>			
Service revenues .....	53,666	9.3	11.3
Taxes .....	198,976	34.6	0.9
Subsidies .....	186,238	32.4	6.0
Fund allocations .....	95,188	16.6	(0.4)
Dividends and interest .....	40,556	7.1	0.3
Total .....	<u>574,624</u>	<u>100.0</u>	3.2
<b>Expenditures</b>			
Personnel .....	297,225	51.3	4.1
Operating expenses .....	88,235	15.2	9.9
Transfers to other local agencies .....	100,778	17.4	5.6
Debt services .....	92,688	16.0	(3.9)
Total .....	<u>578,926</u>	<u>100.0</u>	3.8

\* Based on 1996 budget forecasts.

Whereas in 1980, the proportions of local authority revenues derived from taxes and from fund allocations were each approximately 30 per cent., tax-based revenues have gradually increased as a portion of the total revenues of communes and provinces, while fund-based revenues have gradually decreased.

*Reduced investment spending and local authority net debt.* After two years of successive increase (25 per cent. in 1993 and 10.6 per cent. in 1994), local authority investment spending dropped by more than 20 per cent. in 1995 and by 4.7 per cent. in 1996. Capital investment by local authorities in Belgium was thus reduced in 1995 to 0.76 per cent. of GDP. 1995 and 1996 were the first years of the new municipal legislature, which traditionally are years of reduced local authority investment, since investments during the period following elections usually consist of maintenance and capital expenditures required to continue operations rather than major projects requiring substantial time for development and approval.

At year-end 1996, the local authorities had approximately BEF 635.1 billion in aggregate debt, of which 88 per cent. was long-term debt and 12 per cent. was short-term debt. Net debt was increased by BEF 3.1 billion, or 0.6 per cent., in 1996 due principally to a decrease in financial assets (decreased by BEF 6.6 billion). The table below sets forth total and net local authority debt outstanding at year-end 1996, 1995, 1994 and 1993.

	<u>At 31st December,</u>			
	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
	(BEF in billions)			
<b>Long-term debt:</b>				
Investment debt .....	397.7	420.8	443.3	449.3
Service Debt <sup>(1)</sup> .....	128.2	125.8	116.1	109.5
Total .....	525.9	546.6	559.4	558.8
Short-term debt .....	74.3	82.9	79.2	76.3
Total debt .....	600.2	629.5	638.6	635.1
Financial assets .....	108.5	113.9	145.3	138.7
Net debt .....	<u>491.7</u>	<u>515.6</u>	<u>493.3</u>	<u>496.4</u>

(1) "Service debt" represents remaining debt outstanding in connection with funds borrowed to cover budget deficits incurred principally during the early to late 1980's.

### **Municipal authorities**

*Certain information presented below with regard to municipal finance is based on municipal budget information, not historical results, since such historical information is generally not available until approximately two years after the close of the related financial year.*

*General.* Municipalities are responsible for providing local services such as primary education, fire protection, trash collection, police and local roadworks and lighting. Municipalities are governed on a day-to-day basis by the mayor and alderman appointed by the locally-elected municipal council. Decisions taken by municipal governments are also subject to review by the Regional governments.

*Budgets.* Belgian municipalities manage their finances according to an "ordinary" and an "investment" budget. The ordinary budget takes into account all anticipated revenues, such as tax receipts and revenues from remunerated services, and expenditures, such as salaries and maintenance expenses, from on-going or planned functions. Since 1984, Belgian laws regarding the balancing of municipal budgets have been more strictly complied with, and most municipalities have recorded budget surpluses with regard to their ordinary budgets in recent years, as described further below. Investment budgets involve principally major single expenditures, or major expenditures over a fixed period of time, in order to carry out certain investment or infrastructure projects. Because municipalities match amounts expended with respect to a particular project to funds received, investment budgets are by definition almost always balanced. The cost of such funds, however, namely the periodic interest and principal payments, is carried in the ordinary budget as an expense.

*Revenues and expenditures.* Municipalities' ordinary revenues are derived from four principal sources: (i) municipal taxes, (ii) government subsidies, (iii) service revenues and (iv) dividends from publicly held companies, particularly utilities companies, and interest earned. Taxes on cars and real estate and a municipal surtax on income are collected on behalf of the municipalities by the central government, while certain other municipal taxes such as trash collection charges, business taxes calculated on the basis of the number of employees and a business's productive capacity, taxes on secondary residences and parking taxes are collected directly. Subsidies granted by central authorities are generally allocated by the Regions through the "Municipalities Funds". Service revenue, such as fees, rents for housing owned by the municipality, and other real property rents, are paid directly to the municipality by the service user. The table below sets forth the amount of revenues received by the municipalities from each of such sources for 1997 and 1996 (as budgeted.)

	Year ended 31st December,			
	1996*		1997*	
	(as budgeted)		(as budgeted)	
	(BEF in millions, except percentages)			
Taxes .....	171,145	43.4%	172,051	42.4%
Subsidies .....	84,819	21.5	91,962	22.7
Fund allocations .....	84,158	21.4	83,301	20.5
Service revenues .....	17,118	4.3	21,319	5.3
Dividends and interest .....	36,924	9.4	37,045	9.1
Total .....	<u>394,164</u>	<u>100%</u>	<u>405,678</u>	<u>100%</u>

\* Data extrapolated from CCB's annual municipal budget survey.

The tables below set forth the levels of expenditure of the municipalities by (i) type of expense and (ii) type of activity for the years ended 31st December, 1997 and 1996. The level of debt for funds used with respect to each of the different activities is consolidated with the total expenditures for such activities.

	Year ended 31st December,			
	1996*		1997*	
	(as budgeted)		(as budgeted)	
	(BEF in millions, except percentages)			
Personnel .....	202,763	51.7%	210,490	51.6%
Operating expenses .....	57,839	14.7	64,630	15.9
Transfers* .....	54,309	13.8	58,178	14.3
Debt service .....	77,480	19.8	74,334	18.2
	<u>392,391</u>	<u>100.0%</u>	<u>407,632</u>	<u>100.0%</u>
Administration .....	64,038	16.3%		
Police and fire protection .....	50,856	13.0		
Transport and communication .....	52,330	13.3		
Education .....	67,929	17.3	Not currently	
Churches, libraries, cultural organisations .....	44,174	11.3	available	
Health .....	45,875	11.7		
Other .....	67,189	17.1		
Total .....	<u>392,391</u>	<u>100.0%</u>		

\* Data extrapolated from CCB's annual municipal budget survey.

*Financial condition.* The tables below set forth (i) the annual account balance and (ii) the cumulated account balance, in each case with the number of municipalities having account surpluses and deficits, for the years ending 31st December, 1995 (for 548 communes only), 1994 and 1993.

	Year ended 31st December					
	1993		1994		1995	
	BEF	Number	BEF	Number	BEF	Number
	(in millions, except number of municipalities)					
For the year						
Municipalities with an account surplus .....	10,747	402	11,234	404	17,782	456
Municipalities with an account deficit .....	(4,812)	187	(6,383)	178	(1,708)	92
Total .....	5,935	589	4,851	582	16,074	548
Overall account position						
Municipalities with an account surplus .....	53,722	582	54,228	562	46,577	518
Municipalities with an account deficit .....	(823)	7	(2,744)	20	(2,257)	30
Total .....	52,899	589	51,484	582	44,320	548

### Provinces and CPAS

*Revenues and expenditures.* In contrast with municipalities, revenues for the provinces come mainly from tax revenues (more than 50 per cent. of total revenues), notably from real estate taxes, taxes on water collection, productive capacity or taxes on banking agencies. Subsidies and other forms of financial assistance by the central authorities in the ordinary expenditures of the provinces are the second source of revenue for the provinces. The table below sets forth the amount of revenues received by the provinces from each source for 1997 and 1996 (as budgeted).

	Year ended 31st December,			
	1996		1997	
	(as budgeted)*	(as budgeted)	(as budgeted)	(as budgeted)
	(BEF in millions, except percentages)			
Taxes .....	26,061	49.9%	26,925	50.8%
Subsidies .....	12,486	23.9	12,206	23.0
Fund allocations .....	7,643	14.6	7,695	14.5
Service revenues .....	3,177	6.0	3,201	6.1
Dividends and interest .....	2,904	5.6	2,982	5.6
Total .....	394,164	100%	53,009	100%

\* Data extrapolated from CCB's annual provincial budget survey.

The table below sets forth the levels of expenditure by the provinces by type of expense for 1997 and 1996 (for each year, as budgeted).

	Year ended 31st December,			
	1996*		1997*	
	(as budgeted)	(as budgeted)	(as budgeted)	(as budgeted)
	(BEF in millions, except percentages)			
Personnel .....	29,217	57.0%	29,819	57.2%
Operating expenses .....	7,333	14.3	7,960	15.3
Debt service .....	9,899	19.3	9,269	17.8
Transfers to other local agencies .....	4,850	9.4	5,051	9.7
	51,299	100.0%	52,099	100.0%
Administration .....	10,531	20.5%		
Communication .....	3,360	6.6		
Economy .....	2,919	5.7		
Education .....	18,332	35.7		
Leisure/culture .....	6,043	11.8		
Social services .....	2,057	4.0		
Health .....	3,270	6.4		
Environment .....	2,742	5.3		
Other .....	2,046	4.0		
Total .....	51,299	100.00%		

\* Data extrapolated from CCB's annual provincial budget survey.

The bulk of the expenditures of CPAS is allocated to **health** and social services, including certain types of public housing.

*Financial condition.* The annual budgets of the provinces anticipate overall an annual budget surplus of BEF 0.9 billion for 1997 and BEF 1.0 billion for 1996, an improvement over the annual deficits recorded through 1994. Eight of the ten provinces expect to show a surplus for the year 1997. The CPAS anticipate budget deficits in 1996 and budget surpluses in 1997 which, following the application of the reserves accumulated due to budget surpluses in previous years, are expected to result in a balanced budget in 1997.

*Inter-municipal organisations\*.* Inter-municipal organisations recorded a total of BEF 345.4 billion in revenues in 1995, principally derived from services provided in connection with the distribution of gas and electricity, as well as the transmission of television programming. Total expenses in 1995 amounted to approximately BEF 269.3 billion. In 1995, inter-municipal organisations spent a total of BEF 40.0 billion in new investments, principally in the energy sector.

---

\* Data for the years following 1995 are not currently available.

## SUBSCRIPTION AND SALE

Under a Subscription Agreement entered into with CCB on 14th November, 1997, J.P. Morgan & Cie S.A., Merrill Lynch Finance S.A., Crédit Communal de Belgique S.A., Banque Internationale à Luxembourg S.A., Banque Nationale de Paris, CDC Marchés, Banque CPR, Morgan Stanley S.A. and Dresdner Bank Aktiengesellschaft (the "Managers") have jointly and severally agreed to subscribe for the Notes at the issue price of 99.917 per cent. of their principal amount. CCB has agreed to pay to the Managers a combined management and underwriting commission of 0.625 per cent. of the principal amount of the Notes.

CCB has agreed to indemnify the Managers against certain liabilities relating to any misrepresentation or breach of any of the representations, warranties or agreements of CCB in connection with the offer and sale of the Notes. The Subscription Agreement is subject to termination in certain circumstances prior to payment for such Notes being made to the Issuer.

### United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has agreed that:—

1. it has not offered or sold and will not offer or sell prior to the date six months after their date of issue any Notes, having a maturity of one year or greater, to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
2. it has complied with and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
3. it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

### Belgium

Each Manager has represented and agreed that it has not taken and will not take any steps which would constitute a public offering of the Notes in Belgium as defined by Belgian law.

The Notes may only be offered, sold or delivered to entities that are exempted from withholding tax in accordance with Article 4 of the Belgian Royal Decree of 26th May, 1994 with respect to the payment of withholding tax in accordance with Chapter I of the Law of 6th August, 1993.

**France**

Each Manager has agreed that in connection with their initial distribution it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and that it has not distributed and will not distribute or cause to be distributed to the public in the Republic of France this Offering Circular or any other offering material relating to the Notes.

**General**

Other than with respect to the listing of the Notes on the relevant stock exchange, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material, in any country or jurisdiction where action of that purpose is required.

Each Manager has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular or any other offering material and CCB shall not have any responsibility therefor.

## GENERAL INFORMATION

1. For the sole purpose of the listing of the Notes on the Paris Stock Exchange, this Offering Circular has been submitted to the clearance procedures of the *Commission des Opérations de Bourse* and has received visa no. 97-633 dated 6 November, 1997. The legal notice concerning the listing of the Notes on the Paris Stock Exchange will be published in the *Bulletin des Annonces Légales Obligatoires* ("BALO") dated 17th November, 1997. The *statuts* of CCB have been filed with the *Greffe* of the *Paris Tribunal de Commerce*.
2. CCB has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes by CCB was authorised by resolutions of the Management Committee of CCB passed on 15th September, 1997 and on 29th October, 1997.
3. There has been no material adverse change in the financial position or prospects of CCB on a consolidated basis since 31st December, 1996.
4. Neither CCB nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor, so far as CCB is aware, is any such litigation or arbitration pending or threatened.
5. Each Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. Notes have been accepted for clearance through the Euroclear and Cedel Bank systems with a Common Code of 8146365. The International Securities Identification Number (ISIN) is BE0116241358. The Sicovam code is 49038.
7. Copies of the latest annual report and accounts of the Issuer may be obtained, and copies of the Agency Agreement and the Deed of Covenant will be available for inspection, at the specified offices of the Fiscal Agent, the Principal Paying Agent and each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. CCB does not publish interim financial statements.
8. Deloitte & Touche and Mr. D. Van Woensel have audited, and rendered unqualified audit reports on, the accounts of CCB for the year ended 31st December 1995. Deloitte & Touche no longer acts as auditor to CCB. Hendrickx, Van Woensel & Co S.C.C. and Price Waterhouse have audited the financial statements of CCB for the year ended 31st December, 1996.

**PERSONNES QUI ASSUMENT  
LA RESPONSABILITE DE LA NOTE D'INFORMATION**

**1. Au nom de L'émetteur**

A la connaissance de l'émetteur, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

**Crédit Communal de Belgique S.A./  
Gemeentekrediet van België N.V.**

Geert Junius  
Fondé de Pouvoirs

Gerrit Van Daele  
Directeur

**2. Au nom de la banque présentatrice**

A la connaissance de la banque présentatrice, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

**J.P. Morgan & Cie S.A.**  
Michelle Duranton  
Directeur

La notice légale sera publiée au Bulletin des Annonces Légales Obligatoires ("BALO") du 17 novembre 1997.

**VISA DE LA COMMISSION DES OPERATIONS DE BOURSE**

En vue de la cotation à Paris des Obligations, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, telle que modifiée, la Commission des Opérations de Bourse a apposé sur la présente Note d'Information le visa no. 97-633 en date du 6 novembre 1997.

## CARACTERISTIQUES PRINCIPALES DE L'EMISSION

<b>Emetteur:</b>	Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V.
<b>Chef de file:</b>	J.P. Morgan & Cie S.A.
<b>Montant nominal:</b>	1.500.000.000 FRF représenté par 15.000 titres subordonnés à durée indéterminée (les "Obligations") de 100.000 FRF nominal chacune. Sauf dans des circonstances très limitées, les obligations seront représentées par un titre global.
<b>Prix d'émission:</b>	99,917 pour cent du nominal.
<b>Date de règlement et de jouissance:</b>	18 novembre 1997.
<b>Date d'échéance:</b>	Durée indéterminée.
<b>Forme des Obligations:</b>	Au porteur.
<b>Taux d'intérêt:</b>	<p>Les Obligations porteront intérêts, sous réserve des conditions indiquées dans la présente Note d'Information, au taux de 6,25% l'an à partir du 18 novembre 1997 (inclus) jusqu'au 18 novembre 2009 (exclu), payables à terme échu le 18 novembre de chaque année et pour la première fois le 18 novembre 1998 pour la période du 18 novembre 1997 au 18 novembre 1998 exclu.</p> <p>A partir du 18 novembre 2009 (inclus), les Obligations bénéficieront pendant toute la durée de l'emprunt, sous réserve des conditions indiquées dans la présente Note d'Information, d'un taux d'intérêt variable indexé sur le PIBOR en francs français à six mois plus 1,87% de marge annuelle, tel que déterminé par Banque Internationale à Luxembourg S.A. en tant qu'agent. Le taux PIBOR en francs français à six mois est actuellement publié à 11 heures (heure de Paris) par Associated Press—Dow Jones Telerate Service (page 20041). Les intérêts seront calculés sur la base du nombre de jours exact de la période d'intérêt et d'une année de 360 jours. Les intérêts seront payables semestriellement à terme échu les 18 mai et 18 novembre de chaque année.</p>
<b>Amortissement normal:</b>	Les Obligations sont à durée indéterminée et ne sont pas remboursables sauf dans les conditions prévues dans "Amortissement anticipé" ci-après ou en cas de défaut, tel que décrit dans la présente Note d'Information.
<b>Amortissement anticipé:</b>	L'Emetteur se réserve le droit de rembourser les Obligations en totalité au pair (i) le 18 novembre 2009 et à chaque date de paiement d'intérêts après cette date et (ii) pour des raisons fiscales.
<b>Achats en bourse:</b>	L'Emetteur et chacune de ses filiales se réservent le droit d'acheter ou de faire acheter à tout prix des Obligations en bourse ou hors bourse. Les Obligations ainsi achetées seront annulées.
<b>Subordination:</b>	Les Obligations seront des obligations non garanties de l'Emetteur et seront subordonnées aux réclamations des Créanciers Prioritaires ("Senior Creditors") tel que ce terme est défini dans la présente Note d'Information. Tout paiement du principal ou d'intérêts en vertu des Obligations sera effectué uniquement dans la mesure où l'Emetteur est solvable (tel que défini à la condition 6(b) de la présente Note d'Information) avant tel paiement et pourra maintenir sa solvabilité immédiatement après un tel paiement. Par ailleurs, l'Emetteur ne sera pas tenu de payer des intérêts si, dans les six mois qui précèdent la date de paiement des intérêts, l'Emetteur n'a pas déclaré ou distribué des dividendes, au titre de l'une quelconque des catégories d'actions composant son capital.

<b>Régime fiscal:</b>	Les Obligations ne peuvent être offertes, vendues ou livrées qu'à des entités qui bénéficieront d'une exonération du précompte mobilier en vertu de l'article 4 de l'arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier conformément au Chapitre 1er de la loi du 6 août 1993 relative aux opérations sur certaines valeurs mobilières. Les paiements du principal et des intérêts afférents aux Obligations ne sont soumis à aucun prélèvement ni à aucune retenue à la source imposés ou perçus par ou pour le compte de la Belgique sauf obligation légale de l'Emetteur de pratiquer une telle imposition ou retenue ou un tel prélèvement, dans lequel cas, sous réserve des dispositions de la présente Note d'Information, l'Emetteur paiera les montants additionnels afin que les porteurs perçoivent les montants nets qu'ils auraient perçu en l'absence d'une telle imposition ou retenue ou d'un tel prélèvement.
<b>Prescription:</b>	Le paiement du principal dû au titre des Obligations et des intérêts dûs au titre des coupons sera prescrit au bout de 10 ans et cinq ans, respectivement, à compter de la date de leur mise en paiement.
<b>Emissions ultérieures:</b>	L'Emetteur, sans le consentement des porteurs des Obligations et des coupons y afférents, pourra créer et émettre ultérieurement de nouvelles obligations, entièrement assimilables aux présentes Obligations.
<b>Service financier:</b>	Le service financier sera assuré et le remboursement des titres amortis pourra être demandé sans frais pour les porteurs aux guichets des établissements suivants: — Banque Internationale à Luxembourg S.A., 69 route d'Esch, L-1470 Luxembourg. — Banque Nationale de Paris 16 Boulevard de Paris, 75009, Paris.
<b>Droit applicable:</b>	Sous réserve de ce qui est précisé ci-après, les Obligations et le contrat de service financier y afférent sont soumis au droit anglais. Les provisions concernant la subordination des Obligations sont soumises au droit belge.
<b>Cotation:</b>	L'admission des Obligations à la bourse de Paris a été demandée.
<b>Compensation:</b>	Les Obligations seront admises aux opérations du système BNB, de Cedel, d'Euroclear et de la Sicovam à compter du 18 novembre 1997.
<b>Introduceur en bourse:</b>	J.P. Morgan & Cie S.A.
<b>Membre de marché spécialiste de cotation:</b>	Du Bouzet S.A.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**



**REGISTERED OFFICE OF THE ISSUER**

Boulevard Pachéco 44  
B-1000 Brussels

**FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**Banque Internationale à Luxembourg S.A.**

69 route d'Esch  
L-1470 Luxembourg

**PAYING AGENTS**

**Banque Internationale à Luxembourg S.A.**

69 route d'Esch  
L-1470 Luxembourg

**Banque Nationale de Paris**

16 Boulevard des Italiens  
75009 Paris

**PARIS LISTING AGENT**

**J.P. Morgan & Cie S.A.**

14 Place Vendôme  
75001 Paris

**AUDITORS**

**Price Waterhouse**

Boulevard de la Woluwe dal 62  
B-1200 Brussels

**Hendrickx, Van Woensel & Co. S.C.C.**

Frankrijklei 133  
B-2000 Antwerp

**LEGAL ADVISERS**

*To the Managers*

*in respect of English law*

**Lovell White Durrant**

65 Holborn Viaduct  
London EC1A 2DY

37 Avenue Pierre 1er de Serbie  
75008 Paris

*in respect of Belgian law*

**Lovell White Durrant**

Avenue Louise 523, Bte 24  
B-1050 Brussels