



*Almarij*

*Naamloze Vennootschap*

Reports on the 1998 financial year,  
submitted to the Annual General Meeting of 2 June 1999.

Registered office: Schoenmarkt 33, B-2000 Antwerpen  
Offices: Snydershuis, Keizerstraat 8, B-2000 Antwerpen

Antwerp trade register No. 182.376

*On 7 May 1999, the Belgian Banking and Finance Commission granted ALMANIJ authorization to use the present annual report as a reference document to solicit savings from the public under Title II of Royal Decree No. 185 of 9 July 1935, by means of the procedure for the provision of information via separate documents, and this until such time as Almanij publishes its next annual report.*

*For the purposes of the above procedure, this annual report must be accompanied by a transaction memorandum in order to constitute a prospectus in the sense of Article 29 of the referred to above Royal Decree.*

*This prospectus will be submitted to the Banking and Finance Commission for approval in accordance with Article 29 ter, §1, paragraph 1, of Royal Decree No. 185 of 9 July 1935.*

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ALMANIJ provides a firm 'anchor' for KBC, KBL and GEVAERT, as a permanent, stable majority shareholder which has its own presence in the market and is working to achieve the same objective as the companies organized under it: to build a profitable European financial services group.

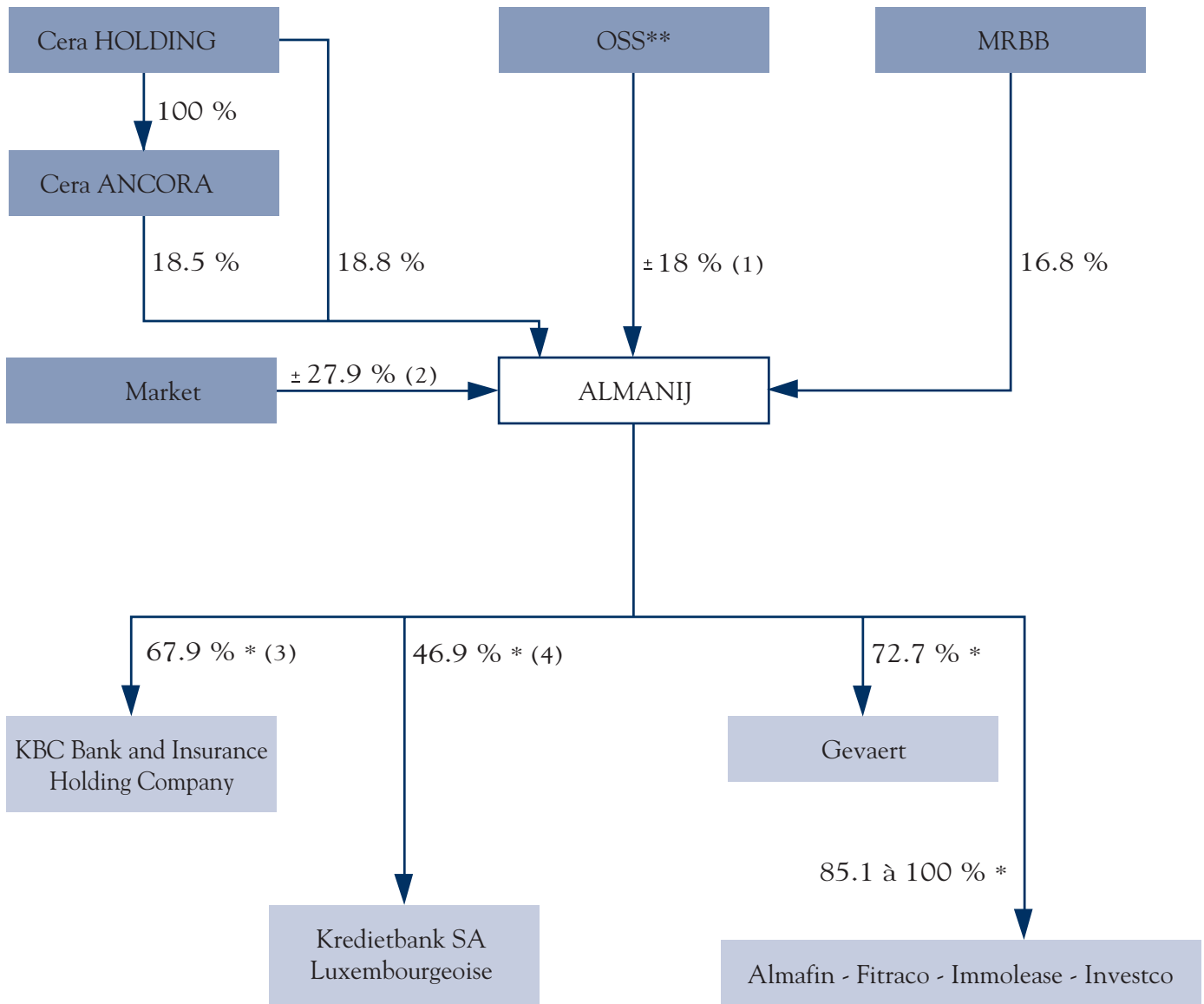
Practical action taken in pursuit of this goal is decided in an open and ongoing dialogue on strategy and implementation within the Boards of Directors, which act in accordance with ALMANIJ's interpretation of the principles of Corporate Governance.

ALMANIJ enables KBC, KBL and GEVAERT to finance growth without jeopardizing their stability.

Because ALMANIJ is able to call on the capital market, it can raise additional funding to support its subsidiaries' growth or to develop initiatives of its own.

CERA HOLDING and the Other Stable Shareholders will continue the co-operative and family tradition which is a characteristic of the Group. Together with MRBB, they intend to turn their permanent shareholding into an instrument which benefits all shareholders.

# GROUP STRUCTURE



(\*) The indicated percentages concern the economic interest (direct and indirect) held in the enterprises, except the participating interests included in investments.

(\*\*) Other Stable Shareholders

(1) Including the share of the former stable shareholders of ALMANIJ of 12.01%.

(2) Including 4.72% temporarily held by companies of the ALMANIJ GROUP.

(3) An additional interest of 0.2% is included in investments.

(4) An additional interest of 5.2% is included in investments.







## KEY FIGURES

# PROFIT AND LOSS ACCOUNT

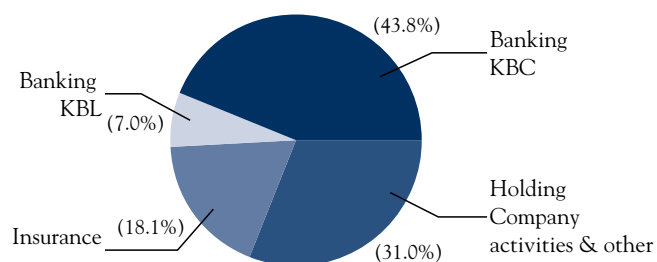
	in billions of BEF		in billions of EUR	
	1997 pro forma (*)	1998	1997 pro forma (*)	1998
<b>Profit for the financial year</b>	35	53.7	0.87	1.33
share of Almanij	22.4	36.1	0.56	0.89
share of third parties	12.6	17.6	0.31	0.44
<b>Return on equity</b>	13.2 %	18.8 %	13.2 %	18.8 %
<b>Banking</b>				
gross income	140.2	163.3	3.48	4.05
of which net interest income (1)	87.0	91.1	2.16	2.26
net commissions	25.1	35.8	0.62	0.89
capital gains	14.0	25.4	0.35	0.63
cost/income ratio (2)	63.0 % - 70.0 %	61.8 % - 73.2 %	63.0 % - 70.0 %	61.8 % - 73.2 %
write-downs and provisions	- 17.7	- 17.9	- 0.44	- 0.44
<b>Insurance</b>				
gross premiums earned	64.4	76.8	1.60	1.90
of which Life	33.6	44.8	0.83	1.11
Non-life	30.8	32.0	0.76	0.79
loss ratio	70 %	70 %	70 %	70 %
expense ratio	32.9 %	33.4 %	32.9 %	33.4 %
<b>Holding and other specialized financial services</b>				
income on capital operations	0.4	12.8	0.01	0.32

(\*) Unaudited, pro forma, aggregated figures

(1) Including dividends

(2) Administrative expenses - including depreciation - as a percentage of gross income  
for calculating the second percentage, the capital gains have been deducted from gross income

**Breakdown net profit**





# BALANCE SHEET

	in billions of BEF		in billions of EUR	
	1997 pro forma (*)	1998	1997 pro forma (*)	1998
<b>Total assets</b>	6 931.6	6 853.1	171.83	169.88
<b>Capital and reserves</b>	177.6	207.7	4.40	5.15
<b>Risk equity (3)</b>	484.9	593.4	12.02	14.71
<b>Banking</b>				
loans and advances to customers	2 004.9	2 305.3	49.70	57.15
securities	2 066.6	2 093.9	51.23	51.91
amounts owed to customers and debts represented by securities	3 594.2	3 890.1	89.10	96.43
<b>Insurance</b>				
investments (4)	249.1	309.4	6.18	7.67
net technical provisions (5)	218.9	265.4	5.43	6.58
<b>Holding and specialized financial services</b>				
financial fixed assets	38.2	32.9	0.95	0.82
investments and cash at bank and in hand	15.0	41.2	0.37	1.02

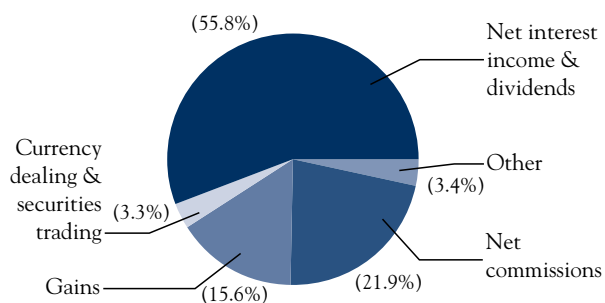
(\*) Unaudited, pro forma, aggregated figures

(3) Capital and reserves, third-party interests, Fund for General Banking Risks and subordinated loans

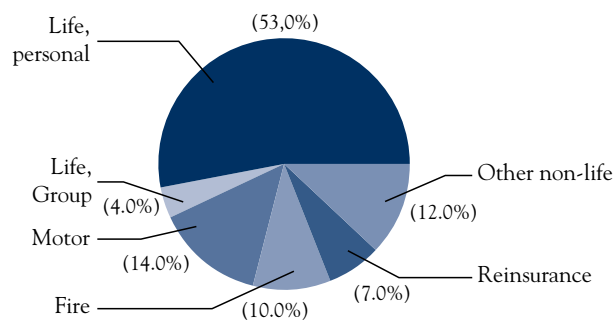
(4) Including investments concerning class 23

(5) Technical provisions, net of reinsurers' share, including class 23

### Breakdown gross income banking



### Breakdown premium income



# KEY FIGURES PER SHARE AND MARKET DATA

Amounts in BEF	1994	1995	1996	1997	1997 pro forma	1998
Number of outstanding shares, year-end (1)	64 722 070	68 418 061	68 418 061	87 151 882	193 472 487	194 268 430
Net worth per share (2)	684.7	746.6	821.8	1 024.2	917.8	1 069.3
Earnings (Group interest) per share	88.4	91.5	103.5	98.6	115.7	185.9
Gross dividend (1)	25.88	28.10	31.37	35.20	35.20	39.00
Net dividend per ordinary share (1)	19.40	21.10	23.50	26.40	26.40	29.25
Payout ratio (3)	29.61 %	31.04 %	30.59 %	36.0 %	30.5 %	21 %
Highest price (1)	871.6	862.7	1 041.7	1 920	1 920	3 740
Lowest price (1)	720.6	696.1	848	1 019.6	1 019.6	1 845
Average price (1)	771.5	761.1	938.2	1 501.3	1 501.3	2 723.9
Closing price, 31 December (1)	745.1	862.7	1 019.6	1 870.0	1 870.0	2 900.0
Price / earnings	8.43	9.43	9.85	18.97	16.16	15.60
Price / net worth	1.09	1.16	1.24	1.83	2.04	2.71
Equity market capitalization as at 31 December, in billions of BEF	48.2	59.0	69.8	163.0	361.8	563.4
Annual volume traded on Brussels stock exchange, in billions of BEF	1.2	1.1	3.6	9.7	9.7	86.8

(1) Split into 10 shares and the attribution of a bonus share at a ratio of one new share for fifty existing shares in 1997, carried out retroactively for the years 1994, 1995 and 1996

(2) Calculated on the basis of the situation of net equity as at the end of the financial year

(3) Gross dividends / (consolidated profit - directors' entitlements)

# KEY FIGURES PER SHARE AND MARKET DATA

Amounts in EUR	1994	1995	1996	1997	1997 pro forma	1998
Number of outstanding shares, year-end (1)	64 722 070	68 418 061	68 418 061	87 151 882	193 472 487	194 268 430
Net worth per share (2)	17.0	18.5	20.4	25.4	22.8	26.5
Earnings (Group interest) per share	2.2	2.3	2.6	2.4	2.9	4.6
Gross dividend (1)	0.64	0.70	0.78	0.87	0.87	0.97
Net dividend per ordinary share (1)	0.48	0.52	0.58	0.65	0.65	0.73
Payout ratio (3)	29.61 %	31.04 %	30.59 %	36.0 %	30.5 %	21 %
Highest price (1)	21.6	21.4	25.8	47.6	47.6	92.7
Lowest price (1)	17.9	17.3	21.0	25.3	25.3	45.7
Average price (1)	19.1	18.9	23.2	37.2	37.2	67.5
Closing price, 31 December (1)	18.5	21.4	25.3	46.4	46.4	71.9
Price / earnings	8.43	9.43	9.85	18.97	16.16	15.60
Price / net worth	1.09	1.16	1.24	1.83	2.04	2.71
Equity market capitalization as at 31 December, in billions of BEF	1 194.8	1 462.6	1 730.3	4 040.7	8 968.8	13 966.3
Annual volume traded on Brussels stock exchange, in billions of BEF	29.6	27.8	89.4	240.5	240.5	2 151.8

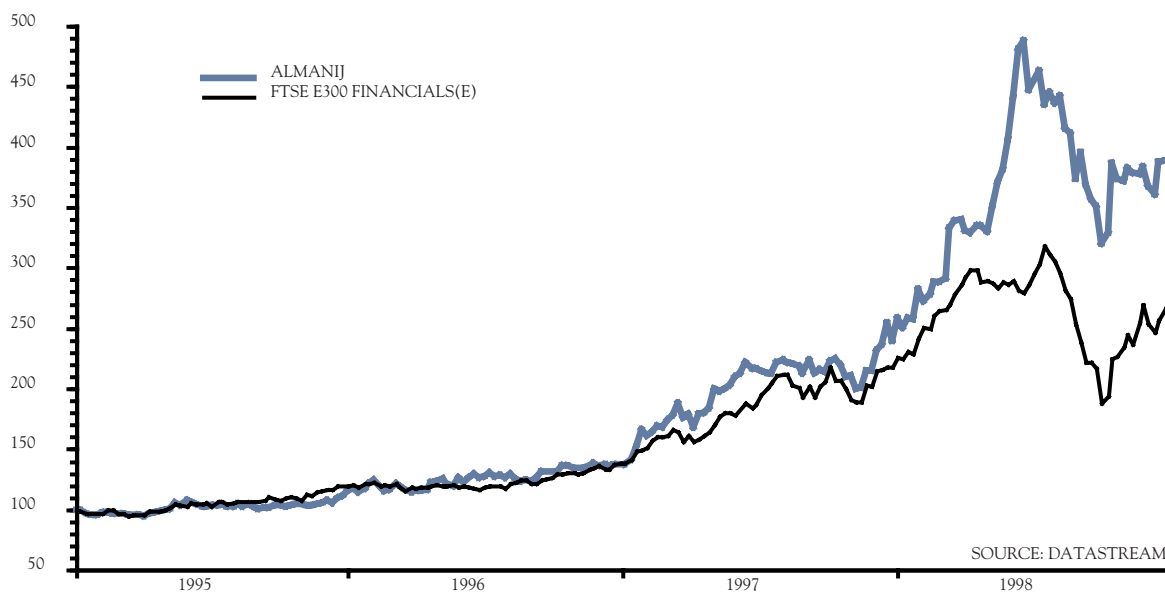
(1) Split into 10 shares and the attribution of a bonus share at a ratio of one new share for fifty existing shares in 1997, carried out retroactively for the years 1994, 1995 and 1996

(2) Calculated on the basis of the situation of net equity as at the end of the financial year

(3) Gross dividends / (consolidated profit - directors' entitlements)

## MARKET EVOLUTION

Performance of the ALMANIJ share: 31/12/1994 = 100



Return on ALMANIJ share (price + dividend): 1998: 56.2 %    1996-98: 54.4 %    1994-98: 33.6 %

## SHAREHOLDERS

	in %	number of shares
CERA HOLDING	18.77	36 466 662
CERA ANCORA	18.51	35 950 000
MRBB	16.80	32 639 415
Other Stable Shareholders (*)	12.01	23 331 523
ALMANIJ GROUP companies	4.72	9 171 516
<b>Total number of shares in issue as at 31 December 1998</b>		<b>194 268 430</b>
<b>Potential number of shares to be issued</b>		
GEVAERT shares convertible into ALMANIJ shares at a ratio of 1 GEVAERT share + 1 put warrant for 1 new ALMANIJ share in late September/early October 2000		7 045 778

(\*) Not including the former stable shareholders of GEVAERT NV.

## K E Y E V E N T S F O R T H E G R O U P I N 1 9 9 8

- 29 JANUARY SIGNATURE OF STATEMENT OF INTENT BY **ALMANIJ-KREDIETBANK GROUP**,  
ABB GROUP AND CERA BANK GROUP
- 9 FEBRUARY ACQUISITION BY **KREDIETBANK SA LUXEMBOURGEOISE** OF A 70 % INTEREST IN  
BANCO URQUIJO IN SPAIN, WHICH IS ACTIVE IN PORTFOLIO MANAGEMENT AND  
MERCHANT BANKING
- 3 JUNE MERGER BETWEEN **ALMANIJ-KREDIETBANK GROUP**, **ABB GROUP** AND **CERA BANK**  
**GROUP**, CREATING THE FUTURE-ORIENTED **KBC BANK AND INSURANCE GROUP**  
AND PROVIDING A SECURE ANCHORAGE FOR **ALMANIJ** IN BELGIUM
- 27 AUGUST INSTALLATION OF **ALMAFIN** AS THE CORE SUBSIDIARY FOR COMPANIES ACTIVE  
IN THE FIELD OF SPECIALIST FINANCIAL SERVICES
- 18 DECEMBER ACQUISITION BY **GEVAERT** OF 24.6 % IN **PHILIPP HOLZMANN AG**, A LARGE  
GERMAN CONSTRUCTION CONTRACTOR





A T

REPORT  
OF THE BOARD OF  
DIRECTORS

The Board of Directors hereby presents its report on the activities of ALMANIJ GROUP during its sixty-seventh financial year, which ended on 31 December 1998.

The report first considers the strategic initiatives taken by ALMANIJ GROUP in 1998, which proved to be an historic year. This is followed by a review of operations which discusses the principal developments and results, first of the ALMANIJ GROUP - which as from this year has been functionally split into three areas of activity: banking, insurance and holding-company and other specialized financial services – and then, in less depth, of ALMANIJ itself. Further comments are given on the special engagements performed by the statutory auditors, on the dealing in the process with the Group's approach to 2000-compliance and conversion to the euro.

The report then discusses the outlook for the current financial year, the proposal for the appropriation of the profit for the 1998 financial year and the proposal to discharge the Board of Directors and the statutory auditors of liability for the performance of their mandates. The report also examines the shareholding structure, the capital position and amendments to the Articles of Association in 1998 and deals at some length with Corporate Governance, concluding with information on the composition of the Board of Directors and proposed appointments to the Board.



1998 was an historic year for all parts of ALMANIJ GROUP, being the year in which the Group took a number of fundamental steps to ensure a successful transition to the 21st century.

First, there was the signature on 29 January 1998 of the statement of intent by ALMANIJ-KREDIETBANK GROUP, ABB GROUP and CERA BANK GROUP to amalgamate their banking and insurance operations. The legal merger was completed on 3 June 1998, creating the basic structure for the development within the Group of a future-oriented, multi-channel bancassurance concept with considerable potential.

The bancassurance operations are built around KBC group, the *first pillar* of ALMANIJ GROUP, in which KBC BANK AND INSURANCE HOLDING COMPANY, a listed company, forms the central core, co-ordinating and integrating the activities of its two operating companies, KBC BANK and KBC INSURANCE. ALMANIJ has a 67.9 % interest in this holding company (effectively taking the place of ALMANIJ's 38.2 % interest in the former KREDIETBANK). KBC group is at present giving priority to integrating the banks and insurance companies which took part in the merger and developing the multi-channel bancassurance concept on the home market. In the months before and since the merger, the new KBC structure within ALMANIJ GROUP has been streamlined by switching a number of holdings in Group companies: ALMANIJ's interests in the financial institutions CREDIT GENERAL (now CBC BANQUE), HSA/SPAARKREDIET (now CENTEA) and FIDISCO (now KBC LEASE) have been sold to KBC BANK and the interests in the insurance companies FIDELITAS (now FIDEA), OMNIVER and OMNIVER LIFE (both now part of KBC INSURANCE) and insurance broker KB-ALMAVER (now ADD) have been transferred to KBC INSURANCE.

KBC BANK, CBC BANQUE and CENTEA now have a 20–25 % share of the market in loans and deposits and a 10 % share of the insurance market, chiefly in Flanders.

The great challenge facing KBC is to export the bancassurance concept into the neighbouring countries within the euro zone. To keep its options open in the French banking market, KBC took the strategically significant step of increasing its stake in CREDIT COMMERCIAL DE FRANCE (CCF) by 10.1 % to 14.8 %. KBC is also planning to export its bancassurance concept to countries outside the euro zone, concentrating primarily on countries with considerable growth potential, initially in Central and Eastern Europe and South-East Asia.

Lastly, KBC intends to grow its business in specific disciplines including asset management, capital market activities, corporate finance and leasing.

The group of companies built around KREDIETBANK SA LUXEMBOURGEOISE (KBL), in which ALMANIJ directly and indirectly holds a controlling interest of 62.8 %, is the *second pillar* of ALMANIJ GROUP. All of the Group's international private banking activities are grouped under KBL. 1998 represented a milestone in KBL's international expansion, with a number of substantial acquisitions in Europe. KBL acquired 70 % of BANCO URQUIJO in Spain, which is active in portfolio management and merchant banking, in early 1998, and a majority interest in PATRIA FINANCE, a Czech securities and investment house, in June and took over BANQUE FRANÇAISE DE SERVICE ET DE CREDIT (BFSC), which specializes in asset management and corporate banking, in July.

This acquisition policy has been pursued vigorously in the early part of 1999, with the takeover first of UK asset manager HENRY COOKE GROUP via subsidiary BROWN, SHIPLEY & Co., and then of MERCK FINCK & Co., a leading German asset manager and corporate financier. These successful acquisitions represent substantial progress in the international diversification of the bank's clientele.

The *third pillar* of ALMANIJ GROUP is GEVAERT, the international equity investment company, and its subsidiaries. ALMANIJ has a 72.7 % interest in GEVAERT,

which specializes mainly in the active and passive management, chiefly of minority stakes in larger Belgian and foreign companies. GEVAERT acquired a substantial 24.6 % interest in Philipp Holzmann AG, the large German construction contractor, in 1998 and has increased its stake by 5.8 % this year. GEVAERT sold its 18 % interest in Hapag-Lloyd last year. In early 1999 GEVAERT announced that it would be taking a 15 % interest, with an option on a further 10 %, in Agfa-Gevaert when it goes public in early June 1999.

The Group's new structure provides GEVAERT with attractive opportunities for collaboration with several Group companies. Talks are being held with INVESTCO in particular, which could well lead to closer co-operation given that the latter's specialization in equity finance and corporate finance consultancy naturally complements GEVAERT's activities.

The *fourth pillar* of ALMANIJ GROUP consists of a number of smaller specialist financial institutions. ALMAFIN (formerly IMMORI), which was taken over from GEVAERT by ALMANIJ, has acquired the specialist leasing activities of the former FIDISCO and has been selected for development as the core company for this pillar, which presently also includes FITRACO and IMMOLEASE, bringing together and further developing activities in the field of specialist financial services, such as real estate finance, securitization, leisure industry finance, financial engineering and industrial

leasing. ALMANIJ has a 99.99 % interest in ALMAFIN.

As well as creating the new forward-looking KBC GROUP, the merger also served to strengthen and consolidate the position of ALMANIJ's bound shareholding, because the carefully designed merger procedure enabled CERA HOLDING, formed from CERA BANK, to retain its co-operative structure. Together with its subsidiary CERA ANCORA, CERA HOLDING is the largest shareholder in ALMANIJ with a combined stake of 37.3 %. In order to preserve as far as possible the stable shareholding structure of the present ALMANIJ GROUP, which was such an important element in the stability of the former ALMANIJ-KREDIETBANK GROUP, CERA HOLDING and the Other Stable Shareholders in ALMANIJ will enter into a partnership agreement.

Lastly, the leverage effect built into the new Group structure which has been created by the merger has helped to secure the growth potential of the various listed companies constituting the Group. This means that ALMANIJ can, if necessary, use part of its stake in its KBC, KBL and GEVAERT subsidiaries to release substantial additional financial resources to support the expansion of these Group companies, without relinquishing its majority position.

The merger with the former CERA and former ABB gave ALMANIJ de jure control of KBC BANK AND INSURANCE HOLDING COMPANY and KREDIETBANK SA LUXEMBOURGEOISE and transformed ALMANIJ into a financial group engaging in banking, insurance, holding-company activities and specialist financial services. To facilitate comparison with the previous year, pro forma figures for 1997 have been compiled which present the financial position and results as if the merger had already taken place and had had an effect over the entire 1997 financial year.

ALMANIJ's share of the consolidated net profit for 1998 amounts to 36.1 billion BEF, up 61.3 % compared with the pro forma profit for 1997 of 22.4 billion BEF. Earnings per share were 60.7 % higher at 185.9 BEF. The return on share-

holders' equity as at year-end stood at 18.8 %, compared with 13.2 % on a pro forma basis in 1997. While all the core activities developed well, the remarkably good result achieved in 1998 was due chiefly to substantial gains on the investment portfolio, which created scope for augmenting the various contingency funds and provisions.

The consolidated balance sheet total as at year-end 1998 amounted to 6 853 billion BEF, compared with 6 932 billion BEF (pro forma) as at year-end 1997. Consolidated shareholders' equity (narrow measure) rose to 208 billion BEF, an increase of 119 billion BEF on the published shareholders' equity of 89 billion BEF in 1997. This increase largely reflects the effects of the merger.

## OVERVIEW RESULTS

(in millions of BEF)

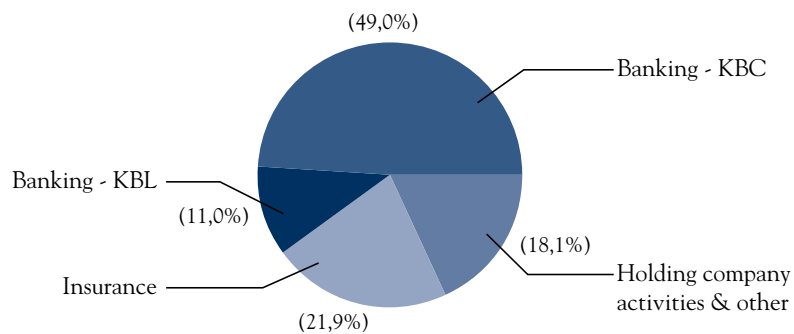
	1997 pro forma	1998	Change in %
Profit on ordinary activities	45 202	74 081	+63.9
<i>Banking</i>	34 172	44 450	+30.1
<i>Insurance</i>	10 348	16 221	+56.8
<i>Holding-company activities and other specialized financial services</i>	682	13 410	+1 866.3
Net extraordinary results	2 849	-2 798	-198.2
Tax	-13 211	-18 286	+38.4
Share in results of enterprises valued by the equity method	145	764	+426.9
Third-party interests	-12 595	-17 649	+40.1
Net profit - Group share	22 390	36 112	+61.3

(in millions of EUR)

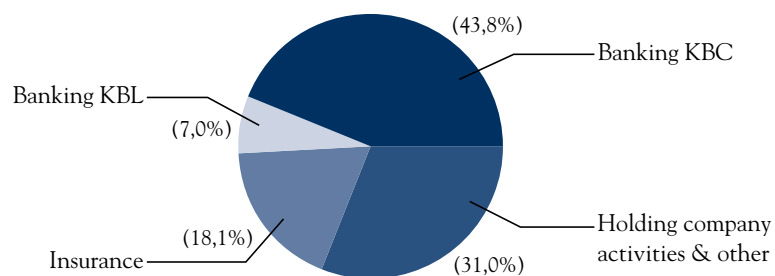
	1997 pro forma	1998	Change in %
Profit on ordinary activities	1 120.53	1 836.42	+63.9
<i>Banking</i>	847.10	1 101.89	+30.1
<i>Insurance</i>	256.52	402.11	+56.8
<i>Holding-company activities and other specialized financial services</i>	16.91	332.43	1 866.3
Net extraordinary results	70.62	-69.26	-198.2
Tax	-327.47	-453.30	+38.4
Share in results of enterprises valued by the equity method	3.59	18.94	+426.9
Third-party interests	-312.22	-437.51	+40.1
Net profit - Group share	555.03	895.19	+61.3

### Breakdown result on ordinary activities

before tax, before third-party interests



### Breakdown net profit



## BANKING OPERATIONS

Last year's results were achieved in a period characterized by a favourable stock-market climate, but falling interest rates and increased competition, which brought pressure to bear on margins. The core businesses made good progress. Borrowing by customers increased by around 15 %. This increase was realized both in Belgium and other countries. While customers' deposits were also up 15 %, net interest earnings grew by only 5.4 % due to the pressure on the interest margin. Investment results were extremely good, thanks to the realization of substantial gains on shares. The currency dealing and securities trading operations were adversely affected by the volatility on the interest rate and foreign exchange markets. Net commission income recorded vigorous growth, mainly due to a sharp increase in income derived from securities operations and asset management, and more particularly from the sale and management of investment funds. The 14 % increase in operating charges

chiefly reflected investments in the international network (network expansion and acquisitions) and non-recurring charges relating to the merger, the switch to the euro and preparations for the transition to the year 2000.

Much of the growth achieved by KREDIETBANK SA LUXEMBOURGEOISE in 1998 can be attributed to acquisitions. Following the first phase of international expansion which was initiated in 1996, a second phase was launched in 1998 with the acquisition of BANCO URQUIJO (a private and merchant bank in Spain), PATRIA (a management and investment company in the Czech Republic) and BANQUE FRANÇAISE DE SERVICE ET DE CREDIT (BFSC, a French private and merchant bank for family businesses). As at year-end 1998, foreign subsidiaries accounted for 24 % of the balance sheet total and over one-third of the consolidated profit. Around 60 % of the workforce are employed outside Luxemburg.

### Profit on ordinary operations (in millions of BEF)

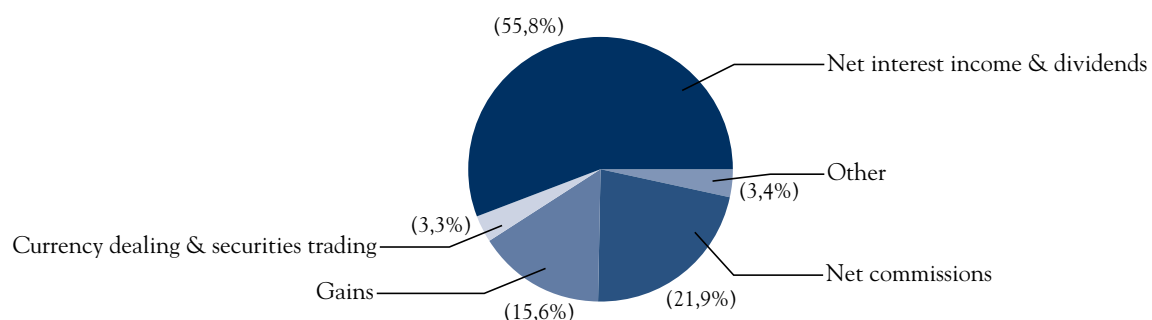
	1997 pro forma	1998	Change in %
Gross income	140 217	163 251	+16.4
<i>KBC BANK share</i>	123 317	140 300	+13.8
<i>Kredietbank SA Luxembourgeoise share</i>	16 900	22 951	+35.8
General administrative expenses and other charges	-88 356	-100 932	+14.2
<i>KBC BANK share</i>	-79 831	-85 906	+7.6
<i>Kredietbank SA Luxembourgeoise share</i>	8 525	-15 026	+76.3
Provisions and write-downs	-17 689	-17 869	+1.0
<i>KBC BANK share</i>	-16 575	-18 073	+9.0
<i>Kredietbank SA Luxembourgeoise share</i>	-1 114	+204	-118.3
<u>Results on ordinary operations</u>	<u>34 172</u>	<u>44 450</u>	<u>+30.1</u>
<i>KBC BANK share</i>	26 911	36 321	+35.0
<i>Kredietbank SA Luxembourgeoise share</i>	7 261	8 129	+12.0

Total income was 16.4% higher at 163 billion BEF for the year as a whole.

Composition (in millions of BEF)

	1997 pro forma	1998	Change in %
Net interest earnings + dividends	86 955	91 081	+4.7
Profit on currency dealing and securities trading	9 000	5 455	-39.4
Gains on realization of investment securities	14 036	25 415	+81.1
Net commission income	25 065	35 751	+42.6
Other operating income	5 161	5 549	+7.5

### Breakdown gross income banking



Although **net interest earnings** and **dividend income** were 4.7 % higher and continued to be the main income component, they fell to 56 % (1997: 62 %) of the total. In Belgium, higher volumes and growing market shares were recorded by the various credit products but, as already noted, commercial margins remained under pressure. Net interest income rose sharply at the establishments abroad, benefiting from the continued growth of existing operations, new initiatives (such as the start of a new project finance unit in

New York by KBC BANK) and expansion by acquisition (including that of BANCO URQUIJO in Spain by KREDIETBANK SA LUXEMBOURGEOISE).

KBC BANK's results on **currency dealing** and **securities trading** were adversely affected by the increased volatility on the interest rate and currency markets and gains on derivatives were sharply lower. The overall result of KBC BANK's dealing rooms (including income forming part of net inte-

rest earnings) remained more or less unchanged from 1997 at 8.3 billion BEF. KREDIETBANK SA LUXEMBOURGEOISE posted very good results on its trading operations and the treasury activities achieved an excellent performance, despite the levelling-out of the interest rate curve.

Over two-thirds of the **gains on investment securities** derived from the sale of shares. The size of these gains reflects the large number of public bids on the Brussels stock exchange and the favourable stock market climate.

Growth in **net commission income** was substantial (+ 42.6 %) for both KBC BANK and KREDIETBANK SA LUXEMBOURGEOISE. In the case of KBC BANK, this growth reflected the sharp rise in income derived from securities operations and asset management, and more particularly in the income from investment funds, which accounted for over half of the commissions received. Income from stock exchange trading and new issues contributed 6 billion BEF, while the sale of insurance generated 2.1 billion BEF. Commission income from payment and foreign-exchange transactions was structurally lower, due to declining volumes and rate cuts in anticipation of the introduction of the euro. The appreciable growth in commission income at KREDIETBANK SA LUXEMBOURGEOISE can be attributed partially to the effects of its expansion policy, with BANCO URQUIJO for example contributing 2.9 billion LUF.

Total **operating charges** were 14.2 % higher, in the case of KBC BANK due mainly to an increase in the costs associa-

ted with the international network, merger-related expenses, the switch to the euro and preparations for the transition to the year 2000. The 5.5 % rise in staff costs can be ascribed mainly to the international network (+ 24.3 %). As at the end of 1998, there were 1 412 members of staff employed abroad. The increase at KREDIETBANK SA LUXEMBOURGEOISE again reflects expansion through acquisition. The workforce doubled to 2 797 at the end of 1998.

The provisions and write-downs relate exclusively to KBC BANK. The Internal Reserve for Latent Risks (20.7 billion BEF) - which was formerly not disclosed - was transferred in its entirety: BEF 16.4 billion was transferred to the Fund for General Banking Risks and 2.5 billion BEF to a general provision for foreign credit risks, while the remaining 1.8 billion BEF was used to write off goodwill on the increase to 100 % of the stake in CBC BANQUE. The Fund for General Banking Risks was also increased by a direct allocation of 8.3 billion BEF. The net increase in the **contingency funds** thus amounted to 5.8 billion BEF (8.3 billion BEF less 2.5 billion BEF).

The international operations accounted for all of the increase of almost 50 % in **write-downs on loans** to 9.7 billion BEF. The write-down for country risks was increased by 1.7 billion BEF to 3 billion BEF, substantially higher than required by the regulator. As already mentioned, a further 2.5 billion BEF was withdrawn from the Internal Reserve for Latent Risks. The marking to market of certain **securities** yielded a write-down of 1.6 billion BEF.

**Balance sheet figures (in billions of BEF)**

	1997 pro forma	1998	Change in %
<u>Assets</u>	<u>6 598.4</u>	<u>6 473.4</u>	<u>-1.9</u>
Loans and advances to credit institutions	1 988.8	1 501.4	-24.5
Loans and advances to customers	2 004.9	2 305.3	+15.0
Securities	2 066.6	2 093.9	+1.3
Other assets	538.1	572.8	+6.4
<u>Liabilities</u>	<u>6 190.8</u>	<u>5 972.1</u>	<u>-3.5</u>
Amounts owed to credit institutions	2 297.5	1 715.2	-25.3
Customers' deposits	2 589.6	2 976.7	+15.0
Debts represented by securities	1 004.6	913.4	-9.1
Other liabilities	299.1	366.8	+22.6

The **net call on banks** at the end of 1998 amounted to 213.8 billion BEF, compared with 308.7 billion BEF at the end of 1997. This total reflects divergent trends at KBC BANK and KREDIETBANK SA LUXEMBOURGEOISE.

KBC BANK's interbank operations were at a significantly lower level than the year before, in line with its policy of limiting the growth in risk-weighted assets and selectively curtailing counterparty risks.

KREDIETBANK SA LUXEMBOURGEOISE's net deposits with banks increased last year. In view of the low interest rates on the short-term LUF-denominated treasury certificates, a number were redeemed and the proceeds reinvested in interbank loans.

**Loans and advances to customers** at the end of 1998 totalled 2 305.3 billion BEF, an increase of 15% on the year before.

**Loans and advances to customers (in billions of BEF)**

	1997 pro forma	1998	Change in %
<u>KBC BANK share</u>	<u>1 947</u>	<u>2 155</u>	<u>+10.7</u>
- mortgage loans	425	463	+8.9
- instalment loans	94	104	+10.6
- term loans	1 168	1 274	+9.0
- other	260	314	+20.8
<u>Kredietbank SA Luxembourgeoise share</u>	<u>58</u>	<u>151</u>	<u>+160.3</u>



KBC BANK recorded 10.7 % growth in lending, with domestic and foreign lending increasing by 8 % and 18 %, respectively. Lending to customers abroad accounted for around 31 % of the total. KBC BANK's overall share of the lending market in Belgium at the end of 1998 stood at 23.9 %, one percentage point up on the year before. This growth was generated mainly in private loans to individuals and investment credits to business. The volume of outstanding home loans increased by 8.9 %, despite two securitization operations which together took 35 billion BEF off the balance sheet. Excluding these transactions, the increase amounted to 17 %.

Most of the increase at KREDIETBANK SA LUXEMBOURGEOISE is attributed to acquisitions, including the contribution made by BANCO URQUIJO.

The total **securities portfolio** grew by 1.3 %. KBC BANK's portfolio increased by 5.7 % to 1 955.3 billion BEF, mainly

due to expansion of the portfolio of Belgian government securities, which represented 62.3 % of the total securities portfolio as at 31 December 1998. KBC BANK's total share portfolio, which amounted to 92.6 billion BEF, is hedged to some extent and the open equity position stands at 41.9 billion BEF. Unrealized gains on the total securities portfolio - including participating interests included in financial fixed assets - amounted to 120 billion BEF as at 31 December 1998 (year-end 1997: 63.4 billion BEF).

In contrast, the KREDIETBANK SA LUXEMBOURGEOISE portfolio of fixed-income securities was deliberately reduced in response to the falling interest rates and, as mentioned, was partly replaced by bank deposits.

**Customers' deposits, savings certificates and other debts** represented by securities increased by a net 8.2 %.

**Customer's deposits, savings certificates and other debts represented by securities (in billions of BEF)**

	1997 pro forma	1998	Change in %
<u>KBC BANK share</u>	<u>3 170</u>	<u>3 427</u>	<u>+8.1</u>
demand deposits	388	492	+26.8
time deposits	1 002	1 155	+15.3
savings deposits	717	740	+3.2
savings certificates	512	434	-15.2
certificates of deposit	243	298	+22.6
bonds	195	133	-31.8
other	113	175	+54.9
<u>Kredietbank SA Luxembourgeoise share</u>	<u>425</u>	<u>463</u>	<u>+9.0</u>
demand deposits	57	104	+82.5
time deposits	287	284	-1.0
savings deposits	28	27	-3.6
savings certificates and bonds	53	48	-9.4

The growth in KBC BANK's customer funds reflects the popularity of investment funds and direct investment in shares, given the bullish climate that prevailed on the stock market and the continuing fall in interest rates. While the trend away from on-balance-sheet savings towards investment funds, which had been observed in previous years, was sustained in 1998, demand deposits on current and savings accounts recorded some growth, but there was a decrease in the number of savings certificates in circulation. As at year-end 1998, KBC group's share of domestic customers' funds stood at 24.6 %.

The increase of 38 billion BEF at KREDIETBANK SA LUXEMBOURGEOISE to 463 billion BEF is due to the consolidation of BANCO URQUIJO. The decrease in customer deposits with the parent company was offset by growth in investments in securities funds which are not included on the balance sheet and by the subscription of subordinated loans.

KREDIETBANK SA LUXEMBOURGEOISE's subsidiaries accounted for around 35 % of total customer deposits, compared with 11 % at the end of 1997.

As at year-end 1998, the net asset value of the KBC **investment funds** stood at 1 087 billion BEF, up by over 55 %. The net inflow of new funds accounted for two-thirds of this

increase, with the remainder consisting of revaluations. KBC had a market share of 27.5 % as at year-end 1998 and its share of the market for capital-guaranteed funds rose to over 50 %.

The total assets managed by KBC BANK on behalf of third parties - investment funds, pension funds and private portfolios - amounted to over 1 500 billion BEF. **Assets under management** via investment funds by KREDIETBANK SA LUXEMBOURGEOISE rose by 120 billion BEF to over 190 billion BEF at the end of 1998.

### INSURANCE OPERATIONS

The good result on ordinary activities was generated by an underwriting performance which was maintained at the 1997 level despite increased competitive pressure. Gross premiums amounted to 76.8 billion BEF, an increase of around 20 %, virtually all of which was accounted for by the life business. The net loss ratio remained unchanged at 70 %. The net expense ratio increased slightly from 32.9 % in 1997 to 33.4 % in 1998. The exceptionally high gains of 16 billion BEF created scope for a number of additional provisions.

### Results on ordinary activities (in millions of BEF)

	1997 pro forma	1998	Change in %
<u>Gross margin</u>	<u>22 906</u>	<u>29 661</u>	<u>+29.5</u>
Earned premiums, net of reinsurance	61 012	74 053	+21.4
Claims incurred, net of reinsurance	-57 070	-76 242	+33.6
<i>of which, adjustments to equalization and catastrophe provision</i>	-564	-5 011	+788.5
Investment income and charges	19 386	32 341	+66.8
<i>of which, gains on investments</i>	4 704	15 879	+237.6
Other technical income and charges	-422	-492	+16.6
<u>General administrative expenses and other charges</u>	<u>-12 558</u>	<u>-13 440</u>	<u>+7.0</u>
<u>Result on ordinary activities</u>	<u>10 348</u>	<u>16 221</u>	<u>+56.8</u>

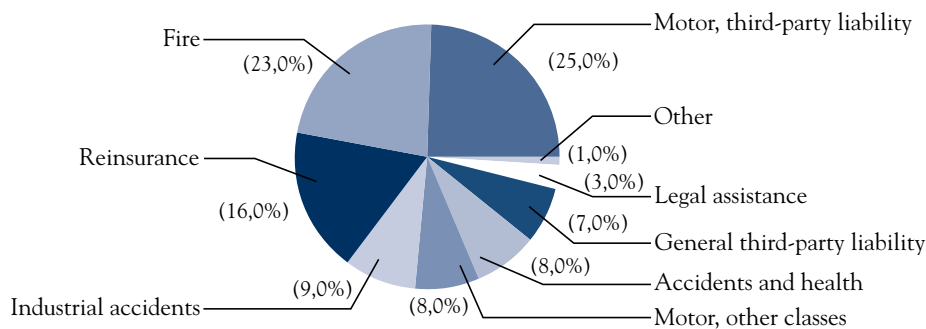
The gross margin was 29.5 % higher, with life and non-life business contributing 5.5 billion BEF and 13.8 billion BEF, respectively. Investment income and charges and other technical income and charges on the non-technical account contributed a net 10.4 billion BEF.

**Premiums earned** by the Group net of reinsurance turned out 21.4 % higher at 74.1 billion BEF, of which 44.6 billion BEF was generated by the life business and 29.5 billion BEF by the non-life business. The life business accounted for 60 % of the total, compared with 55 % in 1997. The market share - concentrated mainly in Flanders - now stands at 10 %. Net earned life insurance premiums were up by almost 34 %, thanks to strong production of single-premium policies in the first half of the year, followed in the second half by the success of a new unit-linked life insurance product. The cut in the guaranteed rate of interest for 1999

which had been announced was reflected in a large number of policies underwritten at the end of the year.

Net earned premiums from non-life business remained virtually unchanged at 29.5 billion BEF, compared with 27.7 billion BEF in 1997. The keen price competition and the far-reaching tariff differentiation completely offset the positive volume effect. Of the reported increase of 1.8 billion BEF, 1.4 billion BEF relates to harmonization of the basis of calculation of the provision for unearned premiums within the insurance group and in line with the European directive. As from 1998 these are calculated uniformly on the basis of premiums excluding commissions.

### Breakdown premium income non-life



The **claims incurred** in 1998 reflected a number of exceptional factors. In the non-life sector, the equalization and catastrophe provision was increased by 5 billion BEF (compared with 0.4 billion BEF in 1997) to the maximum set by the supervisory authority (CDV). In the life sector, the discount rate for the calculation of the technical provisions for conventional products was reduced from 4.75 % to 4 % to bring it into line with the procedure adopted by the former ABB. The application of this valuation rule has been extended to cover certain contemporary life insurance products. This change resulted in additional provisions of 2.5 billion BEF.

The net loss ratio (the ratio between claims incurred, net of reinsurance, and earned premiums, net of reinsurance) for the non-life sector, adjusted for the change in the valuation rules, remained at 70 %.

Recurring income from **investment** was 16 % higher. The favourable stock market climate and the public bids made on the Brussels stock market permitted an exceptionally high level of **realized gains**, chiefly on shares. All the extra gains of 11.2 billion BEF realized over and above the level for 1997 were used to form additional provisions: 7.1 billion BEF for technical provisions, 1.1 billion BEF for merger and restructuring expenses, 2.4 billion BEF for tax disputes and 2.4 billion BEF for amortization of goodwill on consolidation.

The **net expense ratio** (the ratio between net operating charges and net premiums) for the non-life business increased to 33.4 %, from 32.9 % in 1997.

#### Balance sheet figures (in millions of BEF)

	1997 pro forma	1998	Change in %
<u>Assets</u>	<u>279 244</u>	<u>343 947</u>	<u>+23.2</u>
Investments	249 109	309 360	+24.2
Technical provisions, reinsurers' share	8 923	9 263	+3.8
Debtors	9 215	11 070	+20.1
Other assets	11 997	14 254	+18.8
<u>Liabilities</u>	<u>242 456</u>	<u>295 540</u>	<u>+21.9</u>
Technical provisions	227 819	274 680	+20.6
Deposits received from reinsurers	4 431	4 196	-5.3
Provisions, tax and other liabilities	10 206	16 664	+63.3

**Assets invested** rose to 309.4 billion BEF in 1998 and represented 90 % of the total assets of the insurance business. If the investments for class-23 business are disregarded, 56.1 % of the growth in assets was invested in shares, raising the percentage of shares in the corresponding investment portfolio to 23 % for 1998, compared with 17 % in the previous

year. Benefiting from the buoyant stock market and the fall in long-term interest rates, the current value of investments increased by 90.7 billion BEF to 403.9 billion BEF. Unrealized gains stood at 94.6 billion BEF as at the close of 1998, up by 30.5 billion BEF.

### Composition (in billions of BEF)

	1997 pro forma	1998	Change in %
<u>Total</u>	<u>249.2</u>	<u>309.4</u>	<u>+24.1</u>
Land and buildings	6.1	6.1	-0.6
Shares and other variable-yield securities	42.2	71.1	+68.4
Bonds and other fixed-income securities	174.2	199.2	+14.4
Mortgages and other loans	15.0	13.8	-8.2
Deposits with ceding undertakings	4.1	4.5	+8.6
Other	6.3	6.2	-1.4
Class-23 investments	1.2	8.5	+596.8

The **technical provisions** accounted for 93 % of the total liabilities of the insurance operations. The equalization and catastrophe provision was increased to 7.6 billion BEF. The total interest buffer in the technical provisions for life business - generated by the application of a discount rate of 4 % instead of the guaranteed rate of 4.75 % for traditional life

insurance business and certain modern life insurance products - amounts to 9.6 billion BEF. The strong sales of unit-linked life insurance (class-23 products) are reflected in the 7.3 billion BEF increase in the corresponding technical provision.

### Composition (in billions of BEF)

	1997 pro forma	1998	Change in %
<u>Total</u>	<u>227.8</u>	<u>274.7</u>	<u>+20.6</u>
Unearned premiums and unexpired risks	9.3	8.2	-12.6
Life	137.7	167.9	+22.0
Claims outstanding	74.2	79.6	+7.4
Bonuses and rebates	1.0	0.9	-12.3
Equalization and catastrophe	2.6	7.6	+197.2
Other	1.8	2.0	+8.8
Life operations where the risk is borne by the policyholders	1.2	8.5	+596.3

The **increase in provisions, deferred taxes and future taxation** relates mainly to an additional tax provision of 2.4 billion BEF, the amount of the estimated taxes on the additional technical provisions for conventional life insur-

ance set aside in the non-consolidated annual accounts. The balance also includes an amount of 0.6 billion BEF in respect of merger-related expenses and 0.5 billion BEF for restructuring charges.

## HOLDING-COMPANY ACTIVITIES AND OTHER SPECIALIST FINANCIAL SERVICES

GEVAERT took advantage of the favourable market conditions last year to realize a substantial proportion of its portfolio, thus creating scope for new investments. The estimated net asset value at the end of 1998 before payment of

dividend was 70 billion BEF. The structured finance and specialist leasing activities of the former FIDISCO were grouped directly under ALMANIJ in 1998.

### Results on ordinary activities (in millions of BEF)

	1997 pro forma	1998	Change in %
Total of which:	682	13 410	+1 866.3
<i>Results on realization of the investment portfolio and valuation differences</i>	415	12 781	+2 980.0

### International holding-company activities

GEVAERT posted an exceptionally good result on its equity investment activities last year. Because the acquisition and disposal of equity investments is GEVAERT's core business, results on sale are accounted for as profit on ordinary operations.

GEVAERT contributed 13.4 billion BEF to the profit on ordinary activities, of which 12.8 billion BEF consisted of gains on realization of the investment portfolio and valuation differences.

Substantial gains were realized on the sales of shares in Aegon and ALMANIJ and the participating interest in Hapag Lloyd.

The ALMANIJ shares sold by GEVAERT were those which it had acquired under the exchange arrangement with Cobepa, whereby GEVAERT and Cobepa agreed that the ALMANIJ shares in Cobepa's portfolio which had not been exchanged would be taken back by GEVAERT in exchange for Aegon shares. The market was rising rapidly at the time, and the sale yielded a gain for GEVAERT of 2.9 billion BEF.

Another important transaction last year was the sale of the 18 % interest in Hapag-Lloyd, the German shipowner, which had been acquired ten years before when it was in a turnaround situation. Since then the management, working in conjunction with a small group of long-term shareholders which included GEVAERT, had achieved a significant improvement in the profitability and value of the company. The sale yielded a gain of 7 billion BEF. Taking into account the carrying value in ALMANIJ's balance sheet, viz. the valuation of the participating interest at the time of the acquisition of GEVAERT by ALMANIJ in mid-1997, the gain for ALMANIJ amounted to 2.4 billion BEF.

GEVAERT sold around half of the Aegon shares in its portfolio in the latter half of the year, after having acquired further substantial blocks of shares at relatively low prices during the Asian crisis in late 1997. The capital gain for GEVAERT amounted to 10.2 billion BEF and that for ALMANIJ, based on its different carrying value, came to 7.3 billion BEF.

GEVAERT is also active in trading in Belgian, Dutch, German and French shares and, within set limits, in writing options.

#### **Financial consultancy and equity finance**

INVESTCO and its subsidiaries address the medium-sized and large family company sector. One of the mainstays of its operation is consultancy on capital and corporate structures. Many projects were successfully completed in 1998, including the Walibi takeover, the MBO's at Sunco, Winters and St. Alban and the Remacles and MBS acquisitions. Around 774 million BEF was invested in small and medium-sized family businesses as part of its equity investment activities. The commercial portfolio as at year-end was valued at 3.3 billion BEF.

The consolidated net profit for 1998 turned out at 120 million BEF, compared with 411 million BEF in 1997, the decrease being due almost entirely to lower results on realized gains.

#### **Structured finance and specialized leasing**

These activities, which were carried on by the former FIDISCO, were grouped directly under ALMANIJ in 1998. ALMAFIN is active in structured finance, while FITRACO and its subsidiary SECURITAS specialize in financing for the leisure sector.

The structured finance portfolio as at year-end 1998 stood at 6.8 billion BEF and consisted chiefly of amounts receivable from the European Commission in respect of long leases. When it acquired title to the properties, ALMAFIN was the first on the Belgian market to refinance the receivable amounts on a fully-hedged basis by entering into long-term interest and inflation swaps.

The interest in the Kingsford building in Amsterdam was sold at a substantial capital gain, thanks in part to the lower interest rates.

The leasing portfolio stood at just over 4 billion BEF as at year-end 1998. Activities were developed last year both in the specialized theme park and funfair segment and in other segments of the leisure market, such as bowling alleys, cinemas, hotels and holiday villages. A breakthrough in these latter activities is expected in 1999. FITRACO also acted as adviser on mergers, takeovers and the restructuring projects for companies in this sector.

The combined result for the 1998 financial year turned out at 218 million BEF.

#### **Commercial real estate financing and management**

The market on which IMMOLEASE operates was buoyant last year, with an estimated 3.5-4 % growth in volume in the non-residential sector. IMMOLEASE is seeking to achieve a good mix between regular income from technical and administrative management of securitization issues and real estate and non-recurring income from new securitization transactions and the sale of own assets.

IMMOLEASE managed 1.04 billion BEF of rental income last year. Public issues managed in 1998 included the issue of 1.7 billion BEF of Genk Logistics real estate certificates. IMMOLEASE also sold its participating interests in FM-B Invest and Shopimmo last year.

Non-consolidated profit was up 40 % on 1997 at 120.7 million BEF.

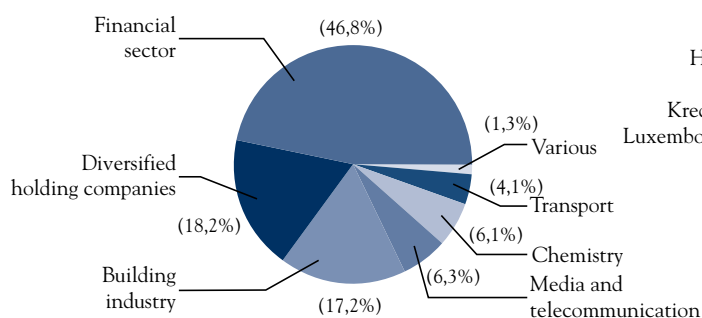
### Balance sheet figures (in millions of BEF)

	1997 pro forma	1998	Change in %
<u>Assets</u>	<u>58 548</u>	<u>88 580</u>	<u>+51.3</u>
Financial fixed assets	38 182	32 896	-13.8
Investments and cash at bank and in hand	15 024	41 224	+174.4
Other assets	5 342	14 460	+170.7
<u>Liabilities</u>	<u>17 336</u>	<u>43 022</u>	<u>+148.2</u>
Financial liabilities	11 423	31 367	+174.6
Provisions, taxation and other liabilities	5 913	11 656	+97.1

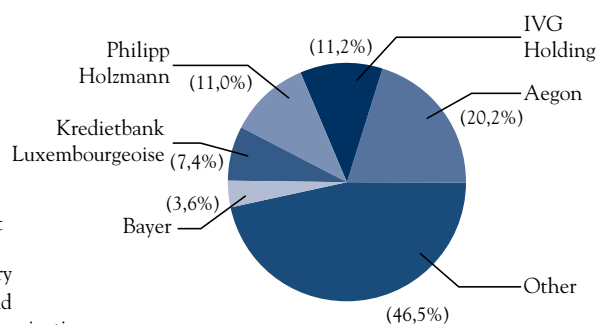
The net 5.3 billion BEF decrease in the **financial fixed assets** relates primarily to movements in the GEVAERT portfolio (net decrease of 7.2 billion BEF). The main disposals related to holdings in ALMANIJ, Aegon, Hapag-Lloyd (which have already been mentioned), Bayer, Dexia France, Mobistar and Koninklijke KNP BT. The principal acquisition was the purchase of a 24.6 % interest in Philipp Holzmann, a German construction company, for 5.9 billion BEF. GEVAERT was given permission by the German Kartellamt in early 1999 to acquire a further interest of 5.8 %. GEVAERT has thus invested a total of 9 billion BEF in a 30 % stake. Even after conversion of all the convertible bonds, GEVAERT will still have an interest of at least 25 %.

Having decided to diversify its portfolio to include the United States, GEVAERT invested 20 million USD last year in Boston Millennia Partner, a closed-end investment fund which specializes in young companies in the telecommunications, information technology and healthcare sectors. GEVAERT also acquired an interest in Koninklijke Van Ommeren, a Dutch specialist in tank storage and shipping. The investment in Aegon is still the largest participating interest in GEVAERT's portfolio, accounting for around 20 % of its total estimated value. The estimated net asset value before payment of dividend as at year-end 1998 was approaching 70 billion BEF.

Sectorial breakdown of the portfolio



Breakdown portfolio according to participation interests





Since the end of the financial year, GEVAERT has sold its 14.9 % interest in IVG Holdings, realizing a substantial gain and generating 8 billion BEF in cash. GEVAERT has also reached agreement with Bayer on the purchase of 15 % of Agfa-Gevaert at the primary issue price, with a one-year unilateral option on the purchase of a further 10 %.

**Investments and cash at bank and in hand**, which stood at 41.2 billion BEF at the end of 1998, consisted chiefly of investments in shares (8.7 billion BEF), investments in fixed-income securities (6.6 billion BEF), time deposits (23.0 billion BEF) and cash (2.3 billion BEF). The principal movements in the share portfolio were the sale of ALMANIJ shares from the GEVAERT portfolio (- 4.3 billion BEF) and the purchase by ALMANIJ of a 5.2 % interest in KREDIETBANK SA LUXEMBOURGEOISE (4.2 billion BEF). The large investments in securities and

time deposits are (temporary) investments of the proceeds of the realization of GEVAERT's securities portfolio pending final allocation.

The 9.1 billion BEF increase in the **other assets** mainly reflects the inclusion of ALMAFIN and FITRACO.

The net increase of approximately 20 billion BEF in **financial liabilities** relates to ALMAFIN and FITRACO (approximately 10 billion BEF) and KBC HOLDING (12 billion BEF to KBC BANK for funding the purchase of the OMNIVER companies).

The 5.7 billion BEF increase in **other liabilities** relates to the higher dividends paid by ALMANIJ for the 1998 financial year compared with 1997 (+ 4.5 billion BEF).

#### EXTRAORDINARY GROUP RESULTS (in millions of BEF)

	1997 pro forma	1998	Change in %
<u>Net extraordinary result</u>	<u>2 850</u>	<u>-2 798</u>	<u>-198.2</u>
Extraordinary income	4 439	6 080	+37.0
Extraordinary expenses	-1 589	-8 878	+458.7

The extraordinary result can be attributed largely to the merger.

The **extraordinary income** consists almost exclusively of gains realized in connection with the merger. KBC HOLDING realized gains on the sale of MRBB and ALMANIJ itself realized gains on the transfer of participating interests, notably those in the former OMNIVER companies, the former CREDIT GENERAL and the former FIDISCO to KBC HOLDING. In accordance with the valuation rules,

these gains are eliminated on a proportional basis.

The high level of **extraordinary expenses** can also be attributed to the merger. A provision of 5.6 billion BEF was formed for the integration and restructuring of the merger partners, chiefly for costs associated with the Social Plan and the modification of the IT systems (4.5 billion BEF for the banking operations and 1.1 billion BEF for the insurance operations). As a consequence of the consolidation of FIDEA with KBC INSURANCE, the discount rate for FIDEA's conventional life insurance products was reduced

from 4.75 % to 4 % to bring it into line with the rate used by the former ABB. This change, amounting to 2.3 billion BEF, was charged in full to 1998.

#### GROUP TAXATION (in millions of BEF)

	1997	1998	Change
	pro forma		in %
	-13 211	-18 286	+38.4

The substantial increase partly reflects the addition of 2.4 billion BEF to the tax provision for the insurance operations in connection with a tax dispute. The net increase of 2.2

billion BEF relating to the banking operations reflects the increase in profit, a change in its composition and the reduction in the Luxemburg tax rate.

#### THIRD-PARTY INTERESTS IN GROUP RESULTS (in millions of BEF)

	1997	1998	Change
	pro forma		in %
	-12 595	-17 649	+40.1

The balance relates mainly to third-party interests in the profits of the consolidated subsidiaries which are not wholly owned by ALMANIJ. Third-party interests in the profit amounted to 10.2 billion BEF in respect of KBC HOLD-

ING, 2.8 billion BEF in respect of KREDIETBANK SA LUXEMBOURGEOISE and 3.6 billion BEF in respect of GEVAERT.

#### RISK EQUITY (in millions of BEF)

	1997	1998	Change
	pro forma		
Total	484 881	593 352	+108 471
Shareholders' equity (narrow measure)	177 568	207 732	+30 164
Third-party interests	93 261	108 025	+14 764
Subordinated liabilities	175 171	205 275	+30 104
Fund for General Banking Risks	38 881	72 320	+33 439

The risk equity as at year-end 1998 stood at almost 600 billion BEF, of which shareholders' equity accounted for 208 billion BEF. Virtually all of the increase in **shareholders' equity (narrow measure)** of BEF 30.2 billion relates to the share in the consolidated profit for 1998 (36.1 billion BEF), less dividends in respect of the 1998 financial year (-7.6 billion BEF) and the increase in capital due to the payment of stock dividend (2.0 billion BEF).

**Subordinated liabilities** increased by 30.1 billion BEF as a result of the issue by KBC BANK of a convertible bond loan (950 million DEM) and a bond loan of 7.5 billion BEF which is repayable in shares and the issue by KREDIETBANK SA LUXEMBOURGEOISE of four loans totalling 8.2 billion BEF.

The 33.4 billion BEF increase in the **Fund for General Banking Risks** related mainly to the above-mentioned transfer from the Internal Reserve for Latent Risks (16.4 billion BEF), a direct addition (8.6 billion BEF) and an increase in the scope of consolidation (8.4 billion BEF).

### CAPITAL ADEQUACY

The Group companies exceed the capital adequacy requirements imposed by the regulatory authorities by a considerable margin.

In the banking operations, the Tier-1 ratio for KBC BANK and KREDIETBANK SA LUXEMBOURGEOISE was 7.18 % (helped by the transfer of 16.4 billion BEF from the Internal Reserve for Latent Risks) and 8.5 %, respectively. The CAD ratio for KBC BANK remained virtually unchanged at 11.5 %, while that for KREDIETBANK SA LUXEMBOURGEOISE, which had remained around 18 % for several years, decreased to 12.8 % as a result of the acquisitions made during 1998. The authorized capital was increased by 20 billion LUF at the end of 1998.

In the insurance operations, the solvency surplus - calculated as the difference between explicit solvency capital and

the required solvency margin - increased to 28.4 billion BEF, compared with 22.1 billion BEF at the end of 1997. The corresponding solvency ratio increased in 1998 to 311 %.

ALMANIJ is well within the maximum limits set on risk concentration in its capacity as a financial holding company.

### NON-CONSOLIDATED RESULTS OF ALMANIJ NV

ALMANIJ NV's activities last year were also dominated by transactions relating to the merger.

The **profit** turned out at 17.4 billion BEF, compared with 3.5 billion BEF in 1997. This exceptional growth relates mainly to the gains - totalling 13.9 billion BEF compared with 0.4 billion BEF in 1997 - realized in connection with the creation of the new Group structure. Excluding these gains, the growth turned out at 12.4 %, mainly due to a 10.8 % rise in dividend receipts.

**Total assets** were 79.5 billion BEF higher, taking the balance sheet total to 130.8 billion BEF by the end of 1998. There was also net growth in **financial fixed assets** of 72.6 billion BEF, generated by the many transactions carried out to create the new Group structure. As at 31 December 1998, ALMANIJ's portfolio consisted of the following principal participating interests: 67.87 % in KBC BANK AND INSURANCE HOLDING COMPANY, 29.86 % in KREDIETBANK SA LUXEMBOURGEOISE, 72.67 % in GEVAERT, 99.95 % in KREDIETCORP (which in turn has a 6.46 % interest in KREDIETBANK SA LUXEMBOURGEOISE), 76.55 % in INVESTCO and 100 % in ALMAFIN, FITRACO and IMMOLEASE. The proceeds received upon the realizations referred to above added 6.5 billion BEF to **investments and cash at bank and in hand**, part of which was invested in the acquisition of a 5.2 % interest in KREDIETBANK SA LUXEMBOURGEOISE.

On the liabilities side, **shareholders' equity** rose by 75.2 billion BEF to 116.3 billion BEF, due to the merger transactions (65.5 billion BEF) and retained profit for 1998 (9.7 billion BEF). Other liabilities were 4.6 billion BEF higher, reflec-

ting the higher dividend paid in respect of 1998 due to the combined effect of a 10.8 % increase in the dividend per share and growth in the number of shares with dividend entitlement.

## SPECIAL ENGAGEMENTS PERFORMED BY THE STATUTORY AUDITORS

A sum of 4 658 500 BEF was paid to the statutory auditors in respect of special engagements relating to:

- services in connection with the formation of the KBC Bank and Insurance Group: assessment of the capital con-

tribution and merger transactions;

- assistance to working parties on the format of the consolidated annual accounts, Group valuation rules and prudential supervision.

## 2000 - COMPLIANCE

The transition to the year 2000 will have only a limited effect on ALMANIJ's operations.

ALMANIJ relies for its IT applications on KBC BANK's specialist departments and is connected to the Bank's net-

work, on which in-house research and testing are in progress to ensure a smooth transition to the year 2000.

The suppliers of the externally developed applications used for the accounting systems have confirmed that these applications are 2000-compliant.

## CONVERSION TO THE EURO

### Articles of Association

An Extraordinary General Meeting of shareholders of ALMANIJ will be held on 2 June 1999 after the Annual General Meeting to consider a motion to convert the share capital of the company from 25 040 378 298 BEF to 620 734 764 EUR, after increasing it by including transferred profit of 8 BEF. The agenda of the meeting will also include a motion to increase and convert the authorised capital from 24 500 000 000 BEF to 620 734 764 EUR.

### Financial reporting

The non-consolidated and consolidated annual accounts will be drawn up and published in euros as from the 1999 financial year. To facilitate transition to the single currency, the euro amount for the annual accounts for the 1998 financial year are also stated.

## OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The ALMANIJ GROUP companies have continued to develop dynamically since the close of the 1998 financial year. As already mentioned, KBC is rapidly integrating its banking and insurance activities on the Belgian market and is making further progress in its international expansion plans, for example by increasing its strategic stake in CCF, the most profitable French bank, early this year by 10.1 % to 14.8 % and significantly strengthening its position in Central and Eastern Europe. KREDIETBANK SA LUXEMBOURGEOISE has continued to develop its international private banking activities with the acquisition of MERCK FINCK & Co, the well-established German private bank,

HENRY COOKE GROUP, the UK asset manager, and KBC Lux. To finance these and subsequent transactions, the bank increased its capital by 316.1 million EUR in April. GEVAERT has announced that it has taken a substantial interest in Agfa-Gevaert and is to co-operate more closely with INVESTCO. A restructuring exercise is in progress within the Group's 'fourth pillar', which will significantly increase the effectiveness of the companies involved, in particular ALMAFIN. Despite the current uncertainties on the financial markets, ALMANIJ is therefore continuing to build its future business in a spirit of confidence and expects the upward trend in results to continue in 1999.

## P R O F I T   A P P R O P R I A T I O N

The profit for the financial year, to be appropriated, amounts to	17 369 090 789	BEF
and the profit brought forward from the previous year to	315 577 020	BEF
so that available profit is	<b>17 684 667 809</b>	<b>BEF</b>

We propose the following appropriation:

- to the legal reserve	868 454 540	BEF
- to the reserves available for distribution	8 800 000 000	BEF
- net dividend of 29.25 BEF (0.73 EUR)	5 301 282 665	BEF
i.e. gross 39 BEF (0.97 EUR) on 181 240 433 shares		
net dividend of 33.15 BEF (0.82 EUR)	431 878 101	BEF
i.e. gross 39 BEF (0.97 EUR) on 13 027 997 shares		
<i>on simultaneous presentation of a VV (reduced withholding tax)</i>		
<i>strip coupon for each dividend coupon</i>		
- withholding tax thereon	1 843 308 004	BEF
- directors' entitlements	72 500 000	BEF
- to be carried forward to the next financial year	367 244 499	BEF
	<b>17 684 667 809</b>	<b>BEF</b>

If the Annual General Meeting approves this proposal, a net dividend of 29.25 BEF (0.73 EUR) on dividend coupon no. 3 or a net dividend of 33.15 BEF (0.82 EUR), upon simultaneous presentation of a VV strip coupon no. 3 for each divi-

dend coupon, will be payable as from Friday, 11 June 1999, at the counters of KBC BANK NV, CBC BANQUE SA, KREDIETBANK SA LUXEMBOURGEOISE in Luxembourg and KREDIETBANK (SUISSE) SA in Geneva.

## D I S C H A R G E   O F   L I A B I L I T Y   O F   T H E   B O A R D   O F D I R E C T O R S   A N D   T H E   S T A T U T O R Y   A U D I T O R S

Pursuant to the provisions of the law, we invite you by means of a separate vote to discharge the Board of Directors and the

statutory auditors of liability for the execution of their mandates during and with respect to the 1998 financial year.

# SHAREHOLDER STRUCTURE AND CAPITALIZATION

## Shareholder structure

On the basis of the notifications received pursuant to the law of 2 March 1989 on the disclosure of major holdings in listed companies and the regulation of public takeover bids and to Articles 52 quinquies and 52 sexies of the co-ordinated laws on commercial companies, the shareholder structure is as follows:

### *Law of 2 March 1989*

The following notifications have been received by ALMANIJ:

- On 12 June 1998, Maatschappij voor Roerend Bezit van de Belgische Boerenbond CV (MRBB), Minderbroedersstraat 8, 3000 Leuven, acting in its own name, disclosed that it had a shareholding in ALMANIJ of 16.87 %, on the basis of a total of 193 472 487 shares in issue.
- On 18 December 1998, CERA ANCORA NV, Brusselsesteenweg 100, 3000 Leuven, acting in its own name, disclosed that it had a shareholding in ALMANIJ of 18.58 %, on the basis of a total of 193 472 487 shares in issue.

- On 18 December 1998, CERA HOLDING CV, Brusselsesteenweg 100, 3000 Leuven, acting in its own name, disclosed that it had a shareholding in ALMANIJ of 18.85 %, on the basis of a total of 193 472 487 shares in issue. On the same date, CERA HOLDING CV also disclosed that it had a 99.99 % controlling interest in CERA ANCORA NV.

- On 17 May 1999 Mr. F.C. Collin, Begijnenvest 93, 2000 Antwerp, acting as authorized agent of a group of persons acting by mutual arrangement, disclosed joint holdings in ALMANIJ of 1.07 % by natural persons, 5.72 % by Belgian legal entities and 5.22 % by foreign legal entities, making a total of 12.01 % on the basis of a total of 194 268 430 shares in issue.

*Co-ordinated laws on commercial companies*

As at 31 December 1998, the following numbers of Almanij shares were held by:

ASSURISK SA, Avenue de la Gare 8-10,  
L-1610 Luxemburg: 67 281 shares;

CBC BANQUE SA, Grand-Place 5, B-1000 Brussels:  
13 536 shares;

CENTEA NV, Mechelsesteenweg 180, B-2018 Antwerp:  
96 308 shares;

FIDEA NV, Van Eycklei 14, B-2018 Antwerp:  
102 674 shares;

GEVAERT NV, Septestraat 27, B-2640 Mortsel :  
22 361 shares;

INVESTCOTRUST NV, Marsveldplein 2 bus 2,  
B-1050 Brussels: 37 293 shares;

KBC-PETERCAM DERIVATIVES NV, Sinte  
Goedeleplein 14, B-1000 Brussels: 191 515 shares;

KBC SECURITIES NV, Vondelstraat 15, B-2060 Antwerp:  
48 740 shares;

KBC VERZEKERINGEN NV, Waaistraat 6,  
B-3000 Leuven: 8 194 230 shares;

KB RE SA, Place de la Gare 5, L-1616 Luxemburg:  
148 402 shares;

KREDIETCORP SA, rue Notre-Dame 37,  
L-2240 Luxemburg: 172 653 shares;

Maatschappij voor Brandherverzekering CV,  
Minderbroedersstraat 8, B-3000 Leuven : 213 shares;

SECURA NV, Montoyerstraat 12, B-1000 Brussels:  
76 310 shares.

Together, these holdings represent 9 171 516 shares, or 4.7 % of the total of 194 268 430 shares in issue. Excluding the shareholdings of KBC-PETERCAM DERIVATIVES and KBC SECURITIES, the percentage is 4.6 %.

#### **AMOUNT BY WHICH CAPITAL MAY BE INCREASED**

The authority to increase the capital to 24 500 000 000 BEF may be exercised by the Board of Directors of ALMANIJ up to 25 June 2003.

In consequence of the resolution of the Board of Directors of 3 June 1998 to exercise its authority to increase the capital by the contribution of rights to dividend for the 1997 financial year, the issued share capital was increased by 81 186 186 BEF, thereby reducing to 24 418 813 814 BEF the amount to which the Board of Directors is authorized to increase the capital of the company.

#### **SHARE CAPITAL**

As at 31 December 1998, ALMANIJ NV's share capital amounted to 25 040 378 298 BEF, represented by 194 268 430 ordinary shares of nil nominal value.

The share capital is fully paid up. There are no fractional certificates which do not represent capital.

The formation of the KBC BANK AND INSURANCE GROUP by the merger of ALMANIJ-KREDIETBANK GROUP, ABB GROUP and CERA BANK GROUP was legally ratified by the Extraordinary General Meeting of shareholders of ALMANIJ on 3 June 1998. ALMANIJ then proceeded to increase the capital in two stages in the context of this operation:



- firstly by the sum of 7 584 880 242 BEF, represented by 74 361 571 new ALMANIJ shares in consideration of the contribution by CERA Hoofdkantoor, a co-operative company with limited liability, of all its assets and liabilities;
  - secondly, by the sum of 8 484 819 907 BEF, represented by 31 959 034 new Almanij shares, as compensation for the shareholders of Vennootschap voor Verzekeringsondernemingen en Financiële Instellingen (VVF) in respect of the merger by acquisition of VVE.
- Exercising its authority to increase the share capital, the Board of Directors of ALMANIJ, likewise on 3 June 1998, resolved to increase the capital of the company by contribution of rights to dividend for the 1997 financial year. Shareholders were given the opportunity to subscribe for one new share with VV (reduced withholding tax) strip in exchange for every 97 dividend rights, corresponding to an issue price of 2 560.80 BEF. As a result of this operation, which was completed at the end of June, the capital was increased by 81 186 186 BEF by the issue of 795 943 new shares.

#### MOVEMENTS IN CAPITAL

		Capital after operation	Total number of shares
31 12 96	Capitalization	6 841 806 059	6 707 653
29 07 97	10-for-1 share split Stripping of VVPR shares Issue of one bonus share for every 50 new shares, by transfer of 136 836 060 BEF from the share premium account: creation of 1 341 530 shares	6 978 642 119	68 418 060
16 09 97	Capital increase by contribution in kind of 18 733 822 Gevaert shares: creation of 18 733 822 shares at a price of 1 417 BEF per share	8 889 491 963	87 151 882
03 06 98	Capital increase by contribution by CERA Hoofdkantoor of all its assets and liabilities: creation of 74 361 571 shares at an equivalent value of 728 BEF per share Capital increase resulting from merger by acquisition of VVF: creation of 31 959 034 shares at an equivalent value of 290.20 BEF per share	24 959 192 112	193 472 487
07 07 98	Capital increase by contribution of rights to stock dividend: creation of 795 943 shares with VV strip at a price of 2 560.80 BEF per share	25 040 378 298	194 268 430

## BOARD OF DIRECTORS

### **1. COMPOSITION, APPOINTMENT AND REMOVAL**

Pursuant to the Articles of Association, the management and representation of the company is entrusted to a Board of Directors consisting of a minimum of 12 and a maximum of 30 members.

The members on the Board of Directors are appointed for a maximum of six years by the General Meeting of Shareholders. Appointments are made taking into account both professional management abilities and shareholder interests.

Terms of office expire at the end of Annual General Meetings. Directors leaving office are eligible for reappointment. Under the bylaws, members of the Board of Directors must step down at the end of the financial year in which they reach the age of 70.

No legal entities are members of the Board of Directors.

As at 31 December 1998, the Board of Directors consisted of 25 members.

This number, which is greater than the 12 recommended by the market authority of the Brussels Stock Exchange and the Banking and Finance Commission in relation to corporate governance, is necessary in order to ensure a balanced distribution of the mandates among ALMANIJ's principal shareholders and thereby preserve the family character of the Group. CERA HOLDING CV and the Other Stable Shareholders, which will together form the Shareholder Partnership, hold a total of 20 mandates, seven for CERA HOLDING and 13 for the Other Stable Shareholders. Maatschappij voor Roerend Bezit van de Belgische Boerenbond (MRBB), a co-operative company with limited liability, is represented by two members. In addition to these

representatives of the principal shareholders, the remaining seats on the Board of Directors are held by two managing directors and the chairman of the partnership.

All members apart from Messrs. J. Huyghebaert and E. Verdonck, managing directors of ALMANIJ NV (see below) and Mr. M. Francken, managing director of GEVAERT NV, are non-executive directors.

The list of members of the Board of Directors as at 31 December 1998 on page 48 of this annual report also gives their principal occupation outside the company. The expiry dates of their current mandates are mentioned on page 49.

While provision is made for two independent directors, the Board of Directors has not been able to nominate successors for appointment by the General Meeting of Shareholders since the retirement of the two directors concerned at the 1998 General Meeting of Shareholders, one of whom having reached the age limit and the other having decided not to stand for reappointment. Given the special nature of the company, the process of selection for suitability and compatibility of external experts requires careful preparation.

### **2. POWERS**

The Board of Directors is empowered to take any action which may be necessary for or conducive to achievement of the company's object, except that which is reserved by law to the General Meeting of Shareholders.

More particularly, the Board of Directors formulates the strategy of the financial group formed by ALMANIJ and supervises the way in which its strategy is implemented within the various parts of the Group.

The Board of Directors has created a Group Policy Committee to perform this function. This Committee consists of representatives of ALMANIJ: the chairman

Mr. J. Huyghebaert and the other managing director Mr. F. Verdonck; two representatives of the principal shareholders: Messrs. F.C. Collin and P. Tanghe; and the chairman and one or more managing directors of the principal Group companies: Messrs. W. Breesch, R. Vermeiren, A. Wouters and F. Florquin representing KBC; Messrs. D. Wigny and E. Verwilghen representing KBL and Messrs. A. Leysen and M. Francken representing GEVAERT. The Committee's function is to consider and co-ordinate Group policy, foster co-operation between the subsidiaries and act as a 'think-tank' for new ideas and initiatives. The Committee meets at least twice per year.

### 3. PROCEDURES

The procedures of the Board of Directors are governed by law, the Articles of Association and bylaws relating to its executive decisions.

The Board of Directors appoints a chairman from among its members.

Pursuant to Article 17 of the Articles of Association, the Board of Directors may, apart from exceptional circumstances, only conduct valid deliberations and adopt valid resolutions if at least half of the members are present or represented. Resolutions are adopted by simple majority of the votes cast. In the event of a tie, the chairman of the meeting has the casting vote. In practice, however, the Board acts as a college and resolutions are made on the basis of consensus in all cases.

Meetings of the Board of Directors can be convened at short notice, if necessary within 24 hours.

Where the law allows, resolutions of the Board of Directors may be passed by unanimous written agreement of the members.

Members of the Board of Directors may seek the advice of

independent experts at the company's expense if a majority of the non-executive directors approve a reasoned request to that effect.

The company is legally represented by two members of the Board of Directors acting jointly or by special attorneys.

### 4. MEETINGS

Meetings of the Board of Directors are held at least four times per year.

In connection with the implementation of the merger between the ALMANIJ-KREDIETBANK GROUP, the ABB GROUP and the CERA BANK GROUP, the Board met on ten occasions in 1998, seven in the first half and three in the second half of the year. Although this unusually high frequency meant that certain directors were not able to attend all the meetings, they were represented in most cases. The two directors representing ABB NV, one of the shareholders directly involved in this integration exercise, did not attend meetings of the Board at which decisions concerning the merger had to be taken, on grounds of possible conflict of interest.

Much of the Board of Directors' attention at these meetings was focused on the various stages in the implementation of the merger: approval of the merger protocol, the due diligence investigation, press announcements, the information brochure. The Board approved the contribution of the entire assets and liabilities of CERA Hoofdkantoor to ALMANIJ, the merger with VVF by acquisition by ALMANIJ, the contribution to KREDIETBANK of the participating interest in FIDELITAS, the convening of an Extraordinary General Meeting of Shareholders on 3 June 1998 and drafting of the agenda for that meeting, the vesting of powers of attorney, the appointment of a second auditor, the sale of the participating interest in OMNIVER, OMNIVER LEVEN, HSA-SPAARKREDIET, CREDIT GENERAL and FIDISCO. Other transactions relating to the restructuring of the Group were discussed and approved,

including the start-up of ALMAFIN NV and the further supervision of the integration process, and the implementation of those decisions was supervised.

In addition to the annual tasks imposed on the Board of Directors by Belgian company law, such as the requirement to prepare full-year and interim consolidated and non-consolidated accounts for the 1997 financial year, consideration of the auditors' report, approval of the proposed profit appropriation, the compilation of the report of the Board of Directors to the Annual General Meeting on 3 June 1998 and the drafting of the agenda for that meeting, the Board of Directors also dealt with the following matters: distribution of a cash/stock dividend for 1997, Almanij's outlook for the 1998 financial year, investment and portfolio development, legal investigations in connection with the possible involvement by banks within the Group in special tax constructions, the development, outlook and full-year and interim balance sheets and profit and loss accounts of the principal Group companies, the renewal and extension of the authority to increase the share capital, changes to the valuation rules, strategic matters and legal proceedings instituted by a number of former CERA co-operative members.

#### **5. SUPERVISION OF SUBSIDIARIES AND OTHER PARTICIPATING INTERESTS**

The Board of Directors monitors developments at ALMANIJ's subsidiaries and other participating interests via the reports to the Board by ALMANIJ's managing directors. This reporting takes place within the framework of consideration of:

1. the consolidated results for the first half-year in September of that financial year and those for the full financial year at the end of January of the next financial year;
2. the outlook for the principal Group companies, which is a permanent item on the agenda in the second half of the year;

3. significant developments affecting the companies which are brought to the Board's notice on an ad hoc basis.

One or both of the two managing directors of ALMANIJ have seats on the Boards of Directors of virtually all the subsidiaries. One or both of them are also members of the Audit Committees of the principal Group companies.

#### **6. REMUNERATION**

Unless the General Meeting of Shareholders resolves to place to reserves all or part of the balance of the net profit remaining after deduction of the part appropriated to the statutory reserve or to carry it forward to the next financial year, at most 10 % may, pursuant to Article 40 of the Articles of Association, be distributed among the members of the Board of Directors in a manner determined by the Board.

In addition to this share in the profit, the members of the Board of Directors also receive an attendance allowance which is determined by the General Meeting of Shareholders and which forms part of the general administrative expenses.

Members of the Board of Directors who are not managing directors or members of the Executive Committee receive travelling expenses as determined by the Board in respect of their attendance at the meetings of the Board.

The total remuneration received by the members of the Board of Directors, including the managing directors, during the 1998 financial year is stated in Note XXX to the consolidated balance sheet and profit and loss account under the 'Financial relationships with directors and partners' on page 122. The total amount paid to the members of the Board of Directors in the form of shares in the profit for 1998, also referred to as directors' entitlements, is disclosed in the proposed profit appropriation on page 38.

No loans or advances are granted by ALMANIJ NV to members of the Board of Directors. None of the members of the Board of Directors holds options on ALMANIJ shares.

## 7. HOLDINGS OF ALMANIJ SHARES

As at 31 December 1998, the members of the Board of Directors of Almanij personally held 99 719 shares in the company.

### DAY-TO-DAY MANAGEMENT

#### 1. Managing directors

Under the powers vested in it by the Articles of Association, the Board of Directors has entrusted the management of the company to two managers, one of whom is the chairman of the Board and both of whom serve by virtue of their appointment in the capacity of managing director and act jointly. These are Messrs. J. Huyghebaert and F. Verdonck.

The mandates of the managing directors expire at the end of the financial year in which they reach the age of 65.

In addition to their share in the profit, the two managing directors also receive fixed monthly emoluments and benefit from supplementary retirement and survivors' pension plans. The emoluments they receive in respect of the offices they hold in other Group companies at ALMANIJ's request are set off against the remuneration which they receive as managing directors of ALMANIJ.

The fixed monthly emoluments are determined by a Remuneration Committee, with an identical composition to the Executive Committee (see below). The Remuneration Committee meets whenever necessary. The Committee also performs the preparatory work for decision-making on profit shares payable to the members of the Board of Directors pursuant to the Articles of Association. Resolutions of the Remuneration Committee are submitted to the Board of

Directors for approval.

#### 2. Executive Committee

An Executive Committee, which is not prescribed by the Articles of Association, has been appointed by the Board of Directors. Its procedures and powers are regulated by bylaws.

The Committee consists of Mr. J. Huyghebaert, Chairman of the Board of Directors and managing director (President), Mr. F.C. Collin (Vice-President), Mr. F. Verdonck, the other managing director, and Messrs. R. Donckels, P. Tanghe, A. Tytgadt and Ph. Vlerick, members of the Board of Directors.

The Executive Committee acts as a college and decides by consensus.

The two managing directors, together with the other members of the Executive Committee, are responsible to the Board of Directors for major day-to-day management decisions.

The Executive Committee is authorized by the Board of Directors to formulate positions on matters concerning the effective operation of the ALMANIJ GROUP and the Group companies and to communicate these positions to the corporate bodies and management of the Group companies. This authority is, however, given subject to the express condition that the Board of Directors is notified of such communications and that they are submitted to the Board of Directors for ratification without delay.

The Executive Committee also conducts preparatory work for meetings of the Board of Directors.

The Executive Committee meets at least once per month.

The non-executive directors on the Executive Committee receive a lump-sum emolument which includes both attendance fee and expense allowance.

#### **SENIOR MANAGEMENT**

The senior manager of ALMANIJ receives an emolument consisting of a fixed element and a variable element which is related to the company's result (up to a maximum limit).

The amount of the remuneration charged to the profit and loss account relates to one identifiable individual.

In view of the growing role which ALMANIJ is playing both in the organization and in Group policy, the Board of Directors has decided to augment ALMANIJ's senior management in the course of the current financial year.

#### **REPORTING AND AUDITING**

- The Board of Directors intends to appoint an Audit Committee in the course of the current financial year. Given the composition of the Board and the fact that, as a holding company, ALMANIJ does not engage in any operational activities, the composition of the Audit Committee may depart from that recommended on the basis of the usual corporate governance principles.
- Two auditors, whose names appear on page 138, have been appointed to examine the company's financial position, its consolidated and non-consolidated accounts and the legitimacy of the transactions reflected in the annual accounts in the context of the

co-ordinated laws on commercial companies and the Articles of Association of the company. They act as a college and decide by consensus.

Pursuant to a resolution of the Annual General Meeting of 3 June 1998, the auditors will receive remuneration of 1 200 000 BEF in respect of the period until the Annual General Meeting on 2 June 1999.

#### **POLICY ON PROFIT APPROPRIATION**

In contrast to the policy on profit appropriation pursued by the operating subsidiaries, which transfer a large proportion of their profit for the year to reserves and distribute around 55 % as dividend, the Board of Directors of ALMANIJ, as a holding company, applies a more generous distribution policy. Over the past five years the pay-out has averaged about 80 %.

ALMANIJ's pay-out ratio for the 1998 financial year is only 43.8 % owing to the combination of two non-recurring factors: firstly, the exceptionally high profit for 1998, due to non-recurring income (capital gains resulting from the integration exercise), and secondly, the mismatch between the dividend entitlement (as from 1 January 1998) after the new shares created as a result of the integration exercise and the revenue generated by these new shares (via the increased dividends to be received from KBC in 1999).

Barring exceptional factors of that kind, the Board of Directors intends to pursue a policy of consistently high pay-out ratios.

## RELATIONS WITH LONG-TERM

### SHAREHOLDERS

As announced in the 'Creation of the Banking and Insurance Group' brochure published in March 1998 in connection with the integration of the ALMANIJ-KREDIETBANK GROUP, the ABB GROUP and the CERA BANK GROUP, a partnership agreement will be concluded between CERA HOLDING CV (via CERA ANCORA NV) and the Other Stable Shareholders, including the for-

mer stable shareholders in ALMANIJ (see notification on page 39) and the former stable shareholders in GEVAERT, with a view to providing a stable 'anchor' and strong management continuity for the ALMANIJ GROUP. Though not a member of the partnership, Maatschappij voor Roerend Bezit van de Belgische Boerenbond or MRBB, a co-operative with limited liability, will also be a stable shareholder for the Group.

## A M E N D M E N T S T O T H E A R T I C L E S O F A S S O C I A T I O N

As one of the steps in the process of integrating the ALMANIJ-KREDIETBANK GROUP, the ABB GROUP and the CERA BANK GROUP, an Extraordinary General Meeting of Shareholders of ALMANIJ on 3 June 1998 approved the contribution by CVBA CERA Hoofdkantoor of all its assets and liabilities and the merger by acquisition of NV Vennootschap voor Verzekeringsondernemingen en Financiële Instellingen (VVF). These two transactions increased the capital by a total of 16.1 billion BEF, with the creation of 106 320 605 new shares. Also on that occasion, the amount by which the capital could be increased was raised from 3 billion BEF to 24.5 billion BEF and a number of powers vested in the Board of Directors relating to increases in share capital and the repurchase of own shares were extended for the periods provided by law. Lastly, the maximum number of members of the Board of Directors pursuant to the Articles of Association was increased from 24 to 30.

Exercising its authority to increase the capital, the Board of Directors of ALMANIJ resolved, likewise on 3 June 1998, to increase the capital of the company by proposing that the shareholders contribute their dividend rights in respect of the 1997 financial year. This transaction increased the capital by 81 million BEF and resulted in the creation of 795 943 new shares.

An Extraordinary General Meeting will be held on 2 June 1999 after the Annual General Meeting to consider motions to convert the share capital of the company into euros, to increase and convert into euros the amount by which the capital can be increased and to renew the powers vested in the Board of Directors relating to increases in share capital and the repurchase of own shares. Lastly, the Articles of Association will be amended to establish the existence and functioning of an Executive Committee within ALMANIJ.

# COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 1998

Jan Huyghebaert	Chairman of the Board of Directors of Almanij NV
Fernand C. Collin	Vice-Chairman of the Board of Directors of Almanij NV President of Executive Committee, Managing Director of Imperial Invest NV
Ferdinand Verdonck	Managing Director Almanij NV
Paul Bostoën	Managing Director Algimo NV
Herbert Convents	Managing Director Convents AG
Frans Debaillie	Consultant physician
Luc Debaillie	Chairman and Managing Director Voeders Debaillie NV
Noël Devisch	Chairman Belgian Farmers Union
Rik Donckels	Member of Executive Committee Cera Holding CV
Mark Francken	Vice-Chairman and Managing Director Gevaert NV
Alex Geets	Managing Director Aveve NV
Jean-Marie Gérardin	Lawyer
Thierry Konings	Senior Manager Thilly van Eessel NV
Christian Leysen	Chairman Ahlers NV
Xavier Liénart	Company director
Marita Orlent-Heyvaert	Managing Director Robor NV
Gustaaf Sap	Lawyer
Paul Tanghe	Member of Executive Committee Cera Holding CV
Alain Tytgadt	Managing Director Metalunion CVBA
Cécile Van Houtte-Colle	Managing Director Immocol NV
Guido Van Oevelen	Chairman of Board of Directors Emmaüs VZW Christelijke Vereniging voor Gezondheids- en Welzijnszorg
Guido Van Roey	Senior Manager Interbrew NV Group
Jozef Van Waeyenberge	Director Milchprodukte-Gesellschaft Leonhardt mbH
Philippe Vlerick	Managing Director Bic Carpets NV
Dirk Wauters	Service & Distribution Department Manager Alcatel, Paris



The terms of office of the members of the Board of Directors expire as follows:

1999	Frans Debaillie Thierry Konings Xavier Liénart Philippe Vlerick
2000	Fernand C. Collin Luc Debaillie Mark Francken Gustaaf Sap
2001	Noël Devisch Jean-Marie Gérardin Marita Orlent-Heyvaert
2002	Herbert Convents Alex Geets Christian Leysen Cécile Van Houtte-Colle Ferdinand Verdonck
2003	Jozef Van Waeyenberge Jan Huyghebaert
2004	Paul Bostoën Rik Donckels Paul Tanghe Alain Tytgadt Guido Van Oevelen Guido Van Roey Dirk Wauters

## A P P O I N T M E N T S

Mrs. Cécile VAN HOUTTE-COLLE is retiring from the Board of Directors having reached the age limit. The Board of Directors thanks her for her dedication and commitment to the interests of the ALMANIJ GROUP. The Board of Directors proposes to appoint Mrs. Beatrice DUBAERE-VAN HOUTTE to succeed her as a director until after the Annual General Meeting in 2002.

Dr. Frans DEBAILLIE and Messrs. Thierry KONINGS, Xavier LIENART and Philippe VLERICK are due to retire by rotation.

Having reached the age limit, Dr. DEBAILLIE is no longer eligible for reappointment. The Board of Directors owes him a considerable debt of gratitude for the contribution he has made to the development of the ALMANIJ GROUP over the past thirty years.

The Board of Directors proposes to appoint Ms. Cecile CAMBIEN director for a term of six years until the end of the Annual General Meeting in 2005. The Board of Directors also proposes to reappoint Messrs. KONINGS, LIENART and VLERICK as directors for a further term of six years until the end of the Annual General Meeting in 2005.

The meeting is invited to ratify these appointments.

CONSOLIDATED  
ANNUAL  
ACCOUNTS



**C O N S O L I D A T E D   A N N U A L   A C C O U N T S**  
**A S   A T   3 1   D E C E M B E R   1 9 9 8**

**1. CONSOLIDATED BALANCE SHEET**

ASSETS	1997 published	1997 pro forma	1998	1997 pro forma	1998
	(in thousands of BEF)		(in thousands of EUR)		
<b>BANKING</b>					
I    Loans and advances to credit institutions		1 988 843 206	1 501 358 161	49 302 135	37 217 697
II   Loans and advances to customers		2 004 863 541	2 305 317 116	49 699 269	57 147 319
III   Securities		2 066 620 650	2 093 885 323	51 230 188	51 906 060
A. Fixed-income		1 977 116 788	1 983 709 817	49 011 445	49 174 882
B. Variable-yield		89 503 862	110 175 506	2 218 743	2 731 178
IV   Financial fixed assets		216 018 050	214 219 784	5 354 947	5 310 370
V    Intangible fixed assets and goodwill on consolidation		4 479 304	6 191 817	111 039	153 491
VI   Tangible fixed assets		44 725 921	55 692 000	1 108 727	1 380 569
VII   Other assets		272 891 753	296 697 348	6 764 810	7 354 935
	<b>0</b>	<b>6 598 442 425</b>	<b>6 473 361 549</b>	<b>163 571 115</b>	<b>160 470 441</b>
<b>INSURANCE</b>					
VIII   Intangible fixed assets and goodwill on consolidation		2 531 730	3 736 465	62 760	92 624
IX    Investments		247 966 270	300 847 253	6 146 923	7 457 809
X    Investments for the benefit of life assurance policyholders who bear the investment risk		1 142 788	8 513 437	28 329	211 043
XI   Technical provisions, reinsurers' share		8 923 105	9 262 478	221 198	229 611
XII   Debtors		9 215 567	11 070 044	228 448	274 419
XIII   Other assets		9 464 862	10 517 499	234 628	260 722
	<b>0</b>	<b>279 244 322</b>	<b>343 947 176</b>	<b>6 922 286</b>	<b>8 526 228</b>
<b>HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES</b>					
XIV   Intangible fixed assets and goodwill on consolidation	1 689 802	984 936	2 050 588	24 416	50 833
XV   Financial fixed assets	93 643 356	38 181 837	32 896 168	946 503	815 475
XVI   Investments and cash at bank and in hand	12 970 691	15 023 548	41 224 128	372 424	1 021 919
XVII   Other assets	38 378 282	4 357 198	12 408 789	108 012	307 606
	<b>146 682 131</b>	<b>58 547 519</b>	<b>88 579 673</b>	<b>1 451 355</b>	<b>2 195 833</b>
<b>ELIMINATIONS</b>	<b>0</b>	<b>-4 673 501</b>	<b>-52 755 237</b>	<b>-115 853</b>	<b>-1 307 768</b>
<b>TOTAL ASSETS</b>	<b>146 682 131</b>	<b>6 931 560 765</b>	<b>6 853 133 161</b>	<b>171 828 903</b>	<b>169 884 734</b>

LIABILITIES	1997	1997	1998	1997	1998
Risk equity	published	pro forma		pro forma	
	(in thousands of BEF)			(in thousands of EUR)	
I Capital	8 889 492	24 959 192	25 040 378	618 722	620 735
II Share premium account	27 838 532	75 178 372	77 135 437	1 863 623	1 912 138
III Revaluation reserve	1 965 933	388 710	321 480	9 636	7 969
IV Reserves	43 984 374	63 371 847	91 858 600	1 570 947	2 277 115
V Goodwill on consolidation	6 312 039	13 405 894	13 534 680	332 324	335 516
VI Translation differences	267 340	260 285	-161 786	6 452	-4 011
VII Investment grants	3 823	3 823	3 309	95	82
<b>Total capital and reserves</b>	<b>89 261 533</b>	<b>177 568 123</b>	<b>207 732 098</b>	<b>4 401 799</b>	<b>5 149 544</b>
VIII Third-party interests	9 445 693	93 261 362	108 025 468	2 311 889	2 677 881
IX Subordinated liabilities					
aggregated amounts		175 946 097	207 126 290	4 361 590	5 134 528
- eliminations		-775 075	-1 852 149	-19 214	-45 914
X Fund for General Banking Risks		38 880 993	72 320 253	963 834	1 792 772
XBIS Fund for future allocations					
<b>Total risk equity</b>	<b>98 707 226</b>	<b>484 881 500</b>	<b>593 351 960</b>	<b>12 019 898</b>	<b>14 708 811</b>
<b>Provisions and liabilities</b>					
<b>BANKING</b>					
XI Amounts owed to credit institutions		2 297 505 022	1 715 237 235	56 953 662	42 519 620
XII Amounts owed to customers		2 589 575 447	2 976 661 651	64 193 898	73 789 516
XIII Debts represented by securities		1 004 616 863	913 421 133	24 903 802	22 643 118
XIV Provisions and deferred taxes		23 624 528	25 881 718	585 637	641 591
XV Other liabilities		275 462 876	340 919 636	6 828 546	8 451 177
	<b>0</b>	<b>6 190 784 736</b>	<b>5 972 121 373</b>	<b>153 465 545</b>	<b>148 045 022</b>
<b>INSURANCE</b>					
XVI Technical provisions		226 597 456	266 177 419	5 617 204	6 598 366
XVII Technical provisions for life assurance					
policies where the investment risk					
is borne by the policyholders		1 221 711	8 502 804	30 285	210 779
XVIII Deposits received from reinsurers		4 431 473	4 196 224	109 853	104 022
XIX Provisions and deferred taxes		1 439 997	4 376 477	35 697	108 490
XX Other liabilities		8 765 847	12 287 538	217 300	304 600
	<b>0</b>	<b>242 456 484</b>	<b>295 540 462</b>	<b>6 010 339</b>	<b>7 326 257</b>
<b>HOLDING ACTIVITIES AND OTHER</b>					
<b>SPECIALIZED FINANCIAL SERVICES</b>					
XXI Financial liabilities	38 969 621	11 423 498	31 367 005	283 181	777 568
XXII Provisions and deferred taxes	550 356	715 421	1 069 691	17 735	26 517
XXIII Other liabilities	8 454 928	5 197 552	10 585 758	128 844	262 414
	<b>47 974 905</b>	<b>17 336 471</b>	<b>43 022 454</b>	<b>429 760</b>	<b>1 066 499</b>
<b>ELIMINATIONS</b>	<b>0</b>	<b>-3 898 426</b>	<b>-50 903 088</b>	<b>-96 639</b>	<b>-1 261 855</b>
<b>TOTAL LIABILITIES</b>	<b>146 682 131</b>	<b>6 931 560 765</b>	<b>6 853 133 161</b>	<b>171 828 903</b>	<b>169 884 734</b>

## 2. CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1997 published	1997 pro forma	1998	1997 pro forma	1998
	(in thousands of BEF)			(in thousands of EUR)	
BANKING					
A. Net interest income (+)		82 601 963	87 022 091	2 047 649	2 157 221
1. Interest receivable and similar income		387 756 003	406 849 980	9 612 220	10 085 547
2. Interest payable and similar charges		-305 154 040	-319 827 889	-7 564 571	-7 928 326
B. Income from variable-yield securities (+)		4 353 548	4 059 220	107 922	100 625
C. Profit(Loss) on financial transactions (+) (-)		23 036 599	30 870 268	571 062	765 254
1. On the trading of securities and other financial instruments		8 999 783	5 455 377	223 099	135 235
2. On the disposal of investment securities		14 036 816	25 414 891	347 963	630 019
D. Other commission and operating income (+)		27 626 931	38 290 159	684 854	949 188
1. Net commission income		22 465 440	32 741 195	556 904	811 633
2. Other operating income		5 161 491	5 548 964	127 950	137 555
E. General administrative expenses and other charges (-)		-85 757 095	-97 922 881	-2 125 863	-2 427 445
1. Staff charges		-49 544 206	-54 361 364	-1 228 169	-1 347 583
2. Depreciation on fixed assets		-7 717 122	-9 193 065	-191 302	-227 890
3. Other operating charges		-27 749 294	-33 376 473	-687 887	-827 381
4. Depreciation of goodwill on consolidation		-746 473	-991 979	-18 505	-24 591
F. Provisions for other liabilities and charges (Transfers to (-), transfers from (+))		-865 278	-925 042	-21 449	-22 931
G. Write-downs on and provisions for credit risks (Increase (-), decrease (+))		-6 222 014	9 172 438	-154 240	227 380
H. Write-downs on securities (Increase (-), decrease (+))		-361 236	-1 202 354	-8 955	-29 806
I. Transfer to (-), transfer from (+) the Fund for General Banking Risks		-10 241 321	-24 913 934	-253 876	-617 600
	0	34 172 097	44 449 965	847 104	1 101 886

		1997 published	1997 pro forma	1998	1997 pro forma	1998
		(in thousands of BEF)			(in thousands of EUR)	
<b>INSURANCE</b>						
A.	Earned premiums, net of reinsurance (+)		61 011 444	74 053 109	1 512 434	1 835 729
	1. Gross premiums earned (+)		64 411 033	76 812 319	1 596 708	1 904 128
	2. Reinsurers' share (-)		-3 399 589	-2 759 210	-84 274	-68 399
B.	Claims incurred, net of reinsurance (-)		-57 069 767	-76 241 543	-1 414 722	-1 889 978
	<i>of which: adjustments to equalization and catastrophe provision</i>		-563 805	-5 011 094	-13 976	-124 222
C.	Investment income and charges (+)		19 386 160	32 340 793	480 570	801 707
	<i>of which: realized gains on investments</i>		4 703 935	15 878 648	116 608	393 621
D.	Other technical income and charges (+)		-422 106	-491 727	-10 464	-12 190
E.	General administrative expenses and other charges (-)		-12 557 828	-13 439 513	-311 300	-333 157
		0	10 347 903	16 221 119	256 518	402 111
<b>HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES</b>						
A.	Net interest income (+)	1 665 697	1 178 483	1 426 453	29 214	35 361
B.	Income from variable-yield securities (+)	195 599	300 411	829 011	7 447	20 551
C.	Other operating income (+)	476 812	919 738	1 242 283	22 800	30 795
D.	General administrative expenses and other charges (-)	-1 977 202	-2 132 423	-2 869 075	-52 861	-71 123
E.	Results on realization of investments securities and valuation differences (+)		415 423	12 780 997	10 297	316 833
		360 906	681 632	13 409 669	16 897	332 417
<b>I</b>	<b>PROFIT ON ORDINARY ACTIVITIES, BEFORE TAX</b>	<b>360 906</b>	<b>45 201 632</b>	<b>74 080 753</b>	<b>1 120 519</b>	<b>1 836 414</b>

		1997 published	1997 pro forma	1998	1997 pro forma	1998
		(in thousands of BEF)			(in thousands of EUR)	
II	EXTRAORDINARY INCOME (+)	480 517	4 438 727	6 080 349	110 033	150 728
III	EXTRAORDINARY CHARGES (-)	-227 360	-1 589 516	-8 878 084	-39 403	-220 082
IV	PROFIT FOR THE FINANCIAL YEAR, BEFORE TAX	614 063	48 050 843	71 283 018	1 191 149	1 767 060
V	A. TRANSFER FROM DEFERRED TAXES AND CONTINGENT TAX LIABILITIES (+)	0	47 800	57 614	1 185	1 428
	B. TRANSFER TO DEFERRED TAXES AND CONTINGENT TAX LIABILITIES (-)	0	-54 732	-122 041	-1 357	-3 025
VI	INCOME TAXES (+) (-)	-185 366	-13 203 754	-18 221 216	-327 312	-451 692
	A. Income taxes (-)	-186 343	-13 649 750	-19 261 409	-338 368	-477 478
	B. Adjustments to income taxes and amounts written back from tax provisions (+)	977	445 996	1 040 193	11 056	25 786
VII	PROFIT FOR THE FINANCIAL YEAR	428 697	34 840 157	52 997 375	863 665	1 313 771
VIII	SHARE IN THE RESULT OF THE COMPANIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD (+) (-)	8 225 735	144 625	764 096	3 585	18 941
	A. Profit (+)	8 376 380	317 582	807 840	7 873	20 026
	B. Loss (-)	-150 645	-172 957	-43 744	-4 288	-1 085
IX	CONSOLIDATED PROFIT	8 654 432	34 984 782	53 761 471	867 250	1 332 712
	A. Third-party interests	61 884	12 594 592	17 649 129	312 212	437 510
	B. Group interests	8 592 548	22 390 190	36 112 342	555 038	895 202



### 3. NOTES

The transactions which have taken place in the past financial year have drastically changed the structure of the ALMANIJ GROUP. The layout used for the holding companies in prior years is no longer suitable to give a true and fair view of the capital, financial position and results of the new ALMANIJ GROUP. The ALMANIJ GROUP will henceforth have the character of a financial group, which is active in banking, insurance and related financial services. In revising the layout, a functional approach has been chosen which classifies operations by area of activity. This presentation respects the individual nature of the activities and provides the flexibility needed to accommodate differences in regulations and valuation rules.

To facilitate comparison with the previous year, the pro forma figures for 1997 have been prepared as if the transactions with ABB/CERA had already taken place on 31 December 1997, thus reflecting the new group structure and the increase in net equity due to the contribution of the assets and liabilities of ABB and CERA Bank. The published figures for 1997 are also given.

#### I. CONSOLIDATION CRITERIA AND VALUATION BY THE EQUITY METHOD

##### 1. Full and proportional consolidation

Companies over which the consolidating company exercises exclusive control, whether de jure – where it holds over 50 % of the voting rights – or de facto, are fully consolidated. Companies over which de jure or de facto control is exercised jointly with a limited number of partners are consolidated on a proportional basis if the interest is at least 20 %.

##### 2. Equity method

Companies in which the direct or indirect interest is 20-50 % and substantial influence is exercised on the management are valued by the equity method.

##### 3. Exclusion from consolidation

Companies which are not of material significance are excluded from the consolidation. Material significance is determined with reference to the following criteria:

at company level: if two of the following criteria are met:

- the Group's share in capital and reserves exceeds 50 million BEF
- the Group's share in the results exceeds 20 million BEF
- the total assets plus off-balance-sheet rights and commitments which are eligible for the purpose of calculating the CAD ratio exceed 250 million BEF

jointly: if the aggregate total assets of the companies excluded from the consolidation exceed 1 % of the consolidated total assets or 1 billion EUR, whichever is the lower.

If a company which used to be consolidated ceases to meet the stated criteria, it is in principle still included in the consolidation unless the situation is permanent.

The affiliated companies which issue real estate certificates are not consolidated, as the economic risk attaching to the assets of these companies is borne by the holders of the certificates.

## II.A. LIST OF FULLY CONSOLIDATED SUBSIDIARIES

Name	Registered office	VAT-number or national registration number	Percentage of capital held
<b>BANKING</b>			
<b>KBC Bank</b>			
Asherson Holdings Ltd.	Dublin - IRL	-	67.87 %
Assurisk SA	Luxemburg - L	LU 15855546	67.87 %
Ateka NV	Antwerp - B	403 197 326	67.87 %
Bemab NV	Antwerp - B	403 202 670	66.39 %
Beneldata NV	Brussels - B	413 559 302	67.87 %
Benelease NV	Brussels - B	400 418 770	67.87 %
BR Lease NV	Roeselare - B	433 268 316	67.87 %
CBC Banque SA	Brussels - B	403 211 380	67.87 %
Gosfield Company Unltd.	Dublin - IRL	-	67.87 %
CENECA Management	Leuven - B	453 331 181	67.87 %
Centea NV	Antwerp - B	404 477 528	67.57 %
Krefima NV	Antwerp - B	404 094 377	67.52 %
Centrinvest NV	Leuven - B	442 800 248	67.87 %
CERAFUND Management NV	Leuven - B	438 348 245	67.87 %
CERA Lease Factors Autolease NV	Leuven - B	432 577 240	67.87 %
CERA Lease NV	Leuven - B	426 403 684	67.87 %
CERA Factors NV	Leuven - B	432 577 438	67.87 %
CERA Autolease NV	Leuven - B	434 547 330	67.87 %
Cerainvest NV	Amsterdam - NL	-	67.87 %
Cramlington Investments	Dublin - IRL	-	67.87 %
Decarenta Conseil SA	Luxemburg - L	-	61.08 %
Ecu Conseil SA	Luxemburg - L	-	64.81 %
Findico Conseil SA	Luxemburg - L	-	67.82 %
IIB Finance Unltd.	Dublin - IRL	-	67.87 %
KBC Finance Ireland Unltd.	Dublin - IRL	-	67.87 %
Immo Parijsstraat NV	Leuven - B	439 655 765	67.87 %
Immo Zénobe Gramme NV	Brussels - B	456 572 664	47.51 %
Irish Intercontinental Bank Ltd.	Dublin - IRL	-	50.90 %
Bencrest Properties Ltd.	Dublin - IRL	-	50.90 %
Danube Holdings Ltd.	Dublin - IRL	-	50.90 %
IIB Capital Plc.	Dublin - IRL	-	50.90 %
Intercontinental Finance Unltd.	Dublin - IRL	-	50.90 %
Irish Life Finance Group Ltd.	Dublin - IRL	-	33.93 %

Demilune Ltd.	Dublin - IRL	-	33.93 %
Irish Life Homeloans Ltd.	Dublin - IRL	-	33.93 %
Proactive Mortgages Ltd.	Dublin - IRL	-	33.93 %
Irish Life Finance Ltd.	Dublin - IRL	-	33.93 %
Berenger Company Unltd.	Dublin - IRL	-	33.93 %
ILF Asset Finance Ltd.	Dublin - IRL	-	33.93 %
ILF Commercial Finance Ltd.	Dublin - IRL	-	33.93 %
ILF Leasing Ltd.	Dublin - IRL	-	33.93 %
Khans Holdings Ltd.	Dublin - IRL	-	33.93 %
Lease Services Ltd.	Dublin - IRL	-	33.93 %
Premier Homeloans Ltd.	Surrey - UK	-	33.93 %
Green Valley (UK) Ltd.	Surrey - UK	-	33.93 %
Kalzari Ltd.	Dublin - IRL	-	50.90 %
Kasby Holdings Unltd.	Dublin - IRL	-	50.90 %
Kasby Company Unltd.	Dublin - IRL	-	50.90 %
Kredietfinance Corporation Ltd.	Surrey - UK	-	59.22 %
Kredietlease (UK) Ltd.	London - UK	-	59.22 %
Meridian Properties Ltd.	Dublin - IRL	-	50.90 %
Monastersky Ltd.	Dublin - IRL	-	50.90 %
Perisda Ltd.	Dublin - IRL	-	50.90 %
Wardbury Properties Ltd.	Dublin - IRL	-	50.90 %
KB Bonds Conseil SA	Luxemburg - L	-	64.46 %
KB Districlick Conseil SA	Luxemburg - L	-	67.86 %
KB Fixobli Conseil SA	Luxemburg - L	-	67.86 %
KB International Investment SA	Luxemburg - L	-	63.80 %
KB International Portfolio SA	Luxemburg - L	-	63.12 %
KB Vastgoedpromotie NV	Brussels - B	455 916 925	67.19 %
KBC Bank NV	Brussels - B	462 920 226	67.87 %
KBC Bank Luxembourg SA	Luxemburg - L	-	67.87 %
KBC Bank Nederland NV	Rotterdam - NL	-	67.87 %
Beheermaatschappij Kuipershaven BV	Rotterdam - NL	-	67.87 %
Financieringsmaatschappij Moneta BV	Rotterdam - NL	-	67.87 %
Krevast Vastgoed Beheer BV	Rotterdam - NL	-	67.87 %
Modehuis Raes BV	Oostburg - NL	-	67.87 %
Westersingel Holding BV	Rotterdam - NL	-	67.87 %
KBC Bank (Suisse) SA	Geneva - CH	-	67.87 %
KBC Bank (Singapore) Ltd.	Singapore - SG	-	67.87 %
KBC Institutional Cash Conseil SA	Luxemburg - L	-	67.87 %
KBC Lease NV	Diegem - B	403 272 253	67.85 %

FidiscoLux SA	Strassen - L	-	67.85 %
KBC Autolease NV	Diegem - B	422 562 385	67.85 %
KBC Lease (Deutschland) GmbH	Kronberg - D	-	51.46 %
KBC Lease (Deutschland) GmbH & Co. KG	Kronberg - D	-	62.32 %
KBC Vendor Lease NV	Diegem - B	444 056 872	67.83 %
Fidisco Nederland BV	Naarden - NL	-	67.83 %
Cathar BV	Naarden - NL	-	67.83 %
Gooieeen BV	Naarden - NL	-	67.83 %
Hospiveen BV	Naarden - NL	-	67.83 %
Impla BV	Naarden - NL	-	67.83 %
Mercala 1 BV	Naarden - NL	-	67.83 %
Mercala 2 BV	Naarden - NL	-	67.83 %
KBC Lease France SA	Lyon - F	-	67.83 %
KBC Securities NV	Antwerp - B	437 060 521	67.87 %
KBC Securities (France) SA	Paris - F	-	67.87 %
Kredietbank - Bankverein AG	Bremen - D	-	67.42 %
Vermögensverwaltungsgesellschaft Merkur GmbH	Bremen - D	-	67.42 %
Merkur Beteiligungs GmbH	Bremen - D	-	67.42 %
Merkur Beteiligungs GmbH & Co.KG	Bremen - D	-	67.42 %
KBC Internationale Financieringsmaatschappij NV	Amsterdam - NL	-	67.87 %
KBC International Finance NV	Curaçao - NA	-	67.87 %
KBC North American Finance Corporation	Dover - USA	-	67.87 %
Kredietfinance (UK) Ltd.	London - UK	-	67.87 %
Oblirenta Conseil SA	Luxemburg - L	-	67.81 %
Sicaro Conseil SA	Luxemburg - L	-	67.87 %

#### **Kredietbank SA Luxembourgeoise**

Kredietbank SA Luxembourgeoise	Luxemburg - L	11397454	46.94 %
Kredietbank (Suisse) SA, Geneva	Geneva - CH	25 80 74	40.99 %
Financière et Immobilière SA	Luxemburg - L	LU 113 314-17	35.20 %
KB Luxembourg Finance Dublin Unltd.	Dublin - IRL	IE 481 04 951	46.94 %
Banque Continentale du Luxembourg SA	Luxemburg - L	LU 114 971-72	46.94 %
KB Luxembourg (Monaco) SA	Monaco - MC	IESR 44000038843	46.94 %
KBL Founder Ventures SCA	Luxemburg - L	-	32.78 %
KBL Founder SA	Luxemburg - L	LU 145 170-11	46.93 %
Kredietbank (Suisse) Lugano SA	Lugano - CH	187 400 78	30.85 %
Brown, Shipley & Co. Ltd.	London - UK	365 4796 11	46.94 %
BLP Banque de Portefeuilles SA	Lausanne - CH	261 130	30.75 %

Banco Urquijo	Madrid - ES	A/07000466	33.08 %
Banco Urquijo Ltd.	Gran Cayman	-	33.08 %
Balboa Finance	Ginebra - CH	-	23.15 %
Urquijo Gestion	Madrid - ES	-	33.08 %
Urquijo Bolsa	Madrid - ES	-	33.08 %
Urquijo Gestion de Pensiones	Madrid - ES	-	33.08 %
Urquijo Patrimonios	Madrid - ES	-	33.08 %
Tucamet	Madrid - ES	-	33.08 %
Promotora Negocios	Madrid - ES	-	33.08 %
Urquijo Correduria	Madrid - ES	-	21.50 %
Gaviel	Madrid - ES	-	16.54 %
Banque Française de Service et de Crédit	Paris - F	FR 9333831847000014	46.94 %
Patria Finance A.S.	Prague - CZ	001-60197226	25.87 %
Kredietbank Informatique G.I.E.	Luxemburg - L	LU 154 041-71	46.47 %
KB Ré SA	Luxemburg - L	LU 148 722-03	46.94 %
Renelux SA	Luxemburg - L	-	46.93 %

## INSURANCE

### KBC Insurance

ADD NV	Heverlee - B	421 457 080	67.87 %
Almarisk NV	Brussels - B	420 104 030	67.87 %
Argosz Insurance Corp. Ltd.	Budapest - H	-	60.92 %
Delphi NV	Antwerp - B	400 013 647	67.87 %
Fidea NV	Antwerp - B	406 006 069	67.87 %
KBC Insurance NV	Leuven - B	403 552 563	67.87 %
Lucare Captive SA	Luxemburg - L	-	67.87 %
Maatschappij voor Brandherverzekering CV	Leuven - B	403 552 761	61.70 %
Secura NV	Brussels - B	403 293 336	35.64 %
Securlux SA	Luxemburg - L	-	35.64 %
Vitis Life Luxembourg SA	Luxemburg - L	-	64.01 %

## HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES

<b>KBC Bank and Insurance Holding Company NV</b>	Brussels - B	403 227 515	67.87 %
<b>Gevaert</b>			
Gevaert NV	Antwerp - B	461 526 889	72.67 %
Ortelius NV	Antwerp - B	404 040 830	72.67 %
Gebema NV	Antwerp - B	461 454 338	72.67 %
Gevafin NV	Luxemburg - L	-	72.67 %
Secural S.A.H.	Luxemburg - L	-	72.67 %
Royal Oak S.A.H.	Luxemburg - L	-	72.67 %
<b>Other</b>			
Almafin NV	Brussels - B	404 040 632	99.99 %
Fitraco NV	Antwerp - B	425 012 626	100.00 %
Immolease NV	Brussels - B	403 355 494	100.00 %
Investco NV	Brussels - B	403 226 228	85.81 %
LPM NV	Hasselt - B	452 227 757	85.81 %
Mezzafinance NV	Brussels - B	-	85.81 %
Kredietcorp SA	Luxemburg - L	-	99.95 %
Kredietrust SA	Luxemburg - L	-	99.95 %
Securitas SAM	Monaco - MC	-	100.00 %

## II. B. LIST OF SUBSIDIARIES WHICH ARE NOT FULLY CONSOLIDATED

Name	Registered office	VAT-number or national registration number	Percentage of capital held	Reason for exclusion
<b>BANKING</b>				
<b>KBC Bank</b>				
Benelrent NV	Brussels - B	427 075 360	67.87 %	1
Benimmo NV	Brussels - B	427 001 324	67.87 %	1
Bruvan BVBA	St-Truiden - B	427 772 671	37.13 %	1
Carrickford Properties Ltd.	Dublin - IRL	-	50.90 %	3
Carrickwalk Ltd.	Dublin - IRL	-	50.90 %	1
CET Service GmbH	Kronberg - D	-	67.85 %	1
De Gouden Leeuw NV	Brussels - B	401 024 328	52.20 %	1
Delfran Limited	Dublin - IRL	-	50.90 %	1
Dunroamin Properties Limited	Dublin - IRL	-	50.90 %	1
Findon Properties Limited	Dublin - IRL	-	50.90 %	1
Finmatic NV	St-Truiden - B	400 943 362	67.81 %	1

Goris en Co. NV	Mechelen - B	417 231 939	67.57 %	1
IIB International Finance Unltd.	Dublin - IRL	-	62.22 %	3
Immo-Antares NV	Brussels - B	456 398 361	64.48 %	2
Immo-Basilix NV	Brussels - B	453 348 801	64.48 %	2
Immo-Beaulieu NV	Brussels - B	450 193 133	33.93 %	2
Immobilier Distri-Land NV	Brussels - B	436 440 909	59.40 %	2
Immo-Jacqmain NV	Brussels - B	462 122 153	63.80 %	2
Immo Kolonel Bourgstraat NV	Brussels - B	461 139 879	33.93 %	2
Immo-Llan NV	Brussels - B	448 079 820	67.57 %	2
Immo Lux-Airport SA	Luxemburg - L	-	45.23 %	2
Immo Marcel Thiry NV	Brussels - B	450 997 441	64.48 %	2
Immo-North Plaza NV	Brussels - B	462 118 688	67.87 %	2
Immo-Plejaden NV	Brussels - B	461 434 344	67.87 %	2
Immo-Regentschap NV	Brussels - B	452 532 714	50.90 %	2
Immo Woluwe Garden G NV	Brussels - B	464 752 239	67.87 %	2
Investcontinental (IOM) Ltd.	Isle of Man - UK	-	50.90 %	1
Irish Intercontinental Bank Nominees Ltd.	Dublin - IRL	-	49.88 %	1
KBC Autolease (Deutschland) GmbH	Kronberg - D	-	51.46 %	1
KBC Financial Services Limited	Australia	-	67.87 %	1
KBC Immobilienlease (Deutschland) GmbH	Kronberg - D	-	67.85 %	1
KBC Lease (Deutschland) GmbH	Kronberg - D	-	67.85 %	1
KBC Vendor Lease (Deutschland) GmbH	Kronberg - D	-	67.85 %	1
KBC Vendor Service (Deutschland) GmbH	Kronberg - D	-	67.85 %	1
KB Conseil Service SA	Luxemburg - L	-	65.61 %	1
KB-Consult NV	Brussels - B	437 623 220	67.86 %	1
KB International (Nominee) Ltd.	Hong Kong - HK	-	67.87 %	1
KBNV Representações Ltda.	Saõ-Paulo - BR	-	67.87 %	1
Kredietbank (Nederland) Bewaarbedrijf BV	Rotterdam - NL	-	67.87 %	1
Maurevel Investment Company Ltd.	Dublin - IRL	-	50.90 %	3
Merrion Leasing Assets Ltd.	Surrey - UK	-	50.90 %	1
Merrion Leasing Finance Ltd.	Surrey - UK	-	50.90 %	1
Merrion Leasing Industrial Ltd.	Surrey - UK	-	50.90 %	1
Novoli Investors BV	Amsterdam - NL	-	56.56 %	1
Rolata Ltd.	Isle of Man - UK	-	50.90 %	3
SCS Finanzdienstleistungs GmbH	Kronberg - D	-	67.85 %	1
Verzekerings- en Beleggingskantoor Goris NV	Bonheiden - B	435 458 140	67.57 %	1
Willowvale Company Ltd.	Dublin - IRL	-	50.90 %	3

**Kredietbank SA Luxembourgeoise**

Asia Oceania Management SA	Luxemburg - L	-	46.94 %	1
Steubag AG	Germany - D	DE 15 35 34 31 1	39.41 %	1
Belair Management Company SA	Luxemburg - L	-	31.29 %	1
Steiden Enterprise BV	Netherlands - NL	-	23.94 %	1

**INSURANCE****KBC Insurance**

Agri Reizen CV	Leuven - B	413 646 305	57.61 %	1
Atomium KFT	Budapest - H	-	65.83 %	1
Concert Noble NV	Brussels - B	431 304 164	67.87 %	1
Data Office NV	Antwerp - B	406 006 069	64.01 %	1
Fibelcor NV	Antwerp - B	404 469 214	67.19 %	1
Fimabel BVBA	Gent -B	420 035 833	61.08 %	1
Finerbel NV	Antwerp - B	406 950 137	67.87 %	1
Gerene NV	Antwerp - B	404 472 677	67.19 %	1
Geverass NV	Rijkevorsel - B	418 174 918	66.51 %	1
KBC Life Invest SA	Luxemburg - L	-	67.87 %	1
M.A.O. NV	Gent -B	440 965 265	67.87 %	1
Schoups NV	Antwerp - B	404 494 353	67.87 %	1



## HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES

FM-A Invest NV	Brussels - B	-	99.99 %	1
Général Building Lease NV	Brussels - B	-	99.99 %	1
Investcotrust NV	Brussels - B	400 525 866	85.74 %	1
BeneVent Management NV	Brussels - B	427 407 932	85.47 %	1
Investco midEurope in liquidation	Prague -CZ	-	43.77 %	1
Q-Bakeries Belgium NV	Heusden - Zolder - B	424 974 618	42.91 %	1
Rebeo NV	Brussels - B	416 030 525	85.81 %	1
Immolease-Trust NV	Brussels - B	406 403 076	85.81 %	1
Trustimmo NV	Brussels - B	413 954 626	85.81 %	1
Trelo NV	Brussels - B	414 914 728	85.81 %	1
Manhattan Kruisvaarten	Brussels - B	419 336 938	85.81 %	1
VGM Weyveld NV	Brussels - B	425 517 818	85.81 %	1
VGM Dorlick NV	Brussels - B	434 885 345	85.81 %	1
Distienen NV	Brussels - B	452 312 285	85.81 %	1
SM Berchem NV	Brussels - B	425 859 692	57.50 %	1
SM Vilvoorde NV	Brussels - B	425 859 197	83.24 %	1
Biprop NV	Brussels - B	455 094 009	85.81 %	1
Immo-Prim NV	Brussels - B	460 551 347	85.81 %	1
Immo-Duo NV	Brussels - B	435 573 154	85.81 %	1
Immo Genk-Zuid NV	Brussels - B	464 358 497	85.81 %	1
Fidabel NV	Antwerp - B	417 309 044	99.20 %	1

Reason for exclusion:

1 = insignificant

2 = real estate certificates

3 = not (yet) operational

### III.A. LIST OF JOINT SUBSIDIARIES WHICH ARE PROPORTIONALLY CONSOLIDATED

Name	Registered office	VAT-number or national registration number	Percentage of capital held
<b>BANKING</b>			
<b>KBC Bank</b>			
Antwerpse Diamantbank NV	Antwerp - B	404 465 551	25.07 %
Banque Diamantaire Anversoise (Suisse) SA	Geneva - CH	-	25.07 %
Bérlet Kft.	Budapest - H	-	15.70 %
Financière ADSB BV	Amsterdam - NL	-	25.45 %
International Factors NV	Brussels - B	403 278 488	33.93 %
Kenese Marina Port Kft.	Budapest - H	-	11.94 %
Kereskedelmi és Hitelbank Rt.	Budapest - H	-	15.70 %
KBC Petercam Derivatives BV	Brussels - B	431 059 387	40.72 %
Kredietbank - Petercam Derivatives BV	Breda - NL	-	40.72 %
Kvantumház Kft.	Budapest - H	-	15.70 %
Kvantum Investment Bank Rt.	Budapest - H	-	15.70 %
Kvantum Követeléskezelő és Befektetési Rt.	Budapest - H	-	15.70 %
K & H Brókerház Rt.	Budapest - H	-	15.70 %
K & H Communication Rt.	Budapest - H	-	15.70 %
K & H Eletbiztesito Rt.	Budapest - H	-	7.85 %
K & H Lizing Rt.	Budapest - H	-	15.70 %
K & H Lizingház Rt.	Budapest - H	-	15.70 %
Optimum Rt.	Budapest - H	-	15.70 %
Portinv Kft.	Budapest - H	-	15.70 %
Softteam Kft.	Budapest - H	-	15.70 %
<b>INSURANCE</b>			
<b>KBC Insurance</b>			
K&H Eletbiztesito Rt.	Budapest - H	-	16.97 %

### III.B. LIST OF JOINT SUBSIDIARIES WHICH ARE NOT PROPORTIONALLY CONSOLIDATED

Name	Registered office	VAT-number or national registration number	Percentage of capital held	Reason for exclusion
<b>BANKING</b>				
<b>KBC Bank</b>				
Alanyi K.J.K. Kft.	Budapest - H	-	14.12 %	1
BRO Kft.	Budapest - H	-	11.30 %	1
FORDAT Kft.	Budapest - H	-	8.00 %	1
Futures Kft.	Budapest - H	-	15.70 %	1
Gemma Frisius-fonds K.U. Leuven NV	Leuven - B	-	13.57 %	1
IFSER NV	Brussels - B	449 258 072	33.93 %	1
IPF Conseil SA	Luxemburg - L	-	33.93 %	1
IT-Partners NV	Zaventem - B	-	15.35 %	1
K & H 96 Kft.	Budapest - H	-	15.70 %	1
K & H Agrion Kft.	Budapest - H	-	15.70 %	1
K & H Alkusz Kft.	Budapest - H	-	15.70 %	1
K & H Biztosító Előkészítő Kft.	Budapest - H	-	15.70 %	1
Kvantum Magyarország Kft.	Dunakeszi - H	-	15.70 %	1
Kvantum Management Ltd.	Jersey - UK	-	15.70 %	1
Magyar Yacht Rt	Budakelász - H	-	12.39 %	1
OKSZI Kft.	Budapest - H	-	14.12 %	1
Panton Kortenberg Vastgoed NV "Pako Vastgoed"	St Niklaas - B	-	33.93 %	1
Permon Kft.	Budapest - H	-	8.00 %	1
Piac és Pénz Kiadó Kft.	Budapest - H	-	15.70 %	1
Sogès-Ateka VGN	Brussels - B	403 238 205	33.93 %	1
Vani, Vidi, Viktória Kft.	Budapest - H	-	11.93 %	1
<b>Kredietbank SA Luxembourgeoise</b>				
European Fund Administration SA	Luxemburg - L	LU 169 445-78	15.02 %	1

Reason for exclusion:

1 = insignificant

#### IV.A. LIST OF COMPANIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD

Name	Registered office	VAT-number or national registration number	Percentage of capital held
<b>BANKING</b>			
<b>KBC Bank</b>			
Arfina NV	Brussels - B	437 098 826	67.87 %
Bank Card Company NV	Brussels - B	412 945 628	14.62 %
Banksys NV	Brussels - B	418 547 872	13.60 %
Britec NV	Roeselare - B	430 166 690	67.87 %
Ceneca Invest NV	Leuven - B	453 327 025	67.87 %
CERA Finance North America Inc.	Wilmington - USA	-	67.87 %
Concordia Kőrzaktar Kereskedelmi	Budapest - H	-	
Gie Saint-Aubain Chimie	Paris - F	-	18.66 %
Gie M M Cogene 2	Paris - F	-	20.36 %
Immo-Airway NV	Brussels - B	458 623 918	67.87 %
Merrion Leasing Services Ltd.	Surrey - UK	-	67.87 %
Merrion Leasing Ltd.	Surrey - UK	-	50.90 %
Merrion Leasing Equipment Ltd.	Surrey - UK	-	50.90 %
Merrion Commercial Leasing Ltd.	Surrey - UK	-	50.90 %
Transportbeton GmbH	Delmenhorst - D	-	33.71 %
Transportbeton GmbH & Co KG	Delmenhorst - D	456 920 676	30.34 %
<b>Kredietbank SA Luxembourgeoise</b>			
Grupo de Estudios	Madrid - ES	-	33.08 %
Dish	Madrid - ES	-	33.08 %
Nisa	Madrid - ES	-	16.54 %
<b>INSURANCE</b>			
<b>KBC Insurance</b>			
FBD Ltd.	Dublin - IRL	-	13.10 %
FBD Holdings Plc.	Dublin - IRL	-	16.04 %
Chmelarska	Zatec - CZ	-	23.08 %
Groep VTB-VAB NV	Antwerp - B	456 920 676	16.53 %
<b>HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES</b>			
<b>Gevaert</b>			
Philipp Holzmann AG	Frankfurt am Main - D	-	17.88 %
Unie van Redding- en Sleepdienst NV	Antwerp - B	404 532 857	30.84 %
Vlaamse Uitgeversmaatschappij NV	Groot-Bijgaarden - B	415 969 454	18.17 %

#### IV.B. LIST OF AFFILIATED COMPANIES NOT CONSOLIDATED ACCORDING TO THE EQUITY METHOD

Name	Registered office	VAT-number or national registration number	Percentage of capital held	Reason for exclusion
<b>BANKING</b>				
<b>KBC Bank</b>				
Bedrijvencentrum Noordoost-Antwerpen NV	Antwerp - B	455 474 485	14.38 %	1
Bedrijvencentrum Rupelstreek NV	Aartselaar - B	427 329 936	22.62 %	1
BEM NV	Brussels - B	461 612 904	8.48 %	1
B.EPSYS CV	Brussels - B	439 614 589	20.36 %	1
Budapest Üzleti és Pénzügyi Közp. Szerv. Rt.	Budapest - H	-	3.14 %	1
Cards Management Company NV	Brussels - B	428 932 515	13.57 %	1
Cobram NV	Brussels - B	459 447 626	16.97 %	1
Coopérative de Liquidation des Marchés de la Bourse de Bruxelles	Brussels - B	403 210 192	14.68 %	1
Domein Sterrebos NV	Rumbeke - B	435 309 076	20.56 %	1
E.M.I. Advisory Company SA	Luxemburg - L	-	16.97 %	1
Euro Travellers Cheque Belgium CV	Brussels - B	422 516 855	20.36 %	1
Füred Vagyonghasznosító Kft.	Szentendre - H	-	7.85 %	1
Futuris Magyar Modernizációs Rt.	Budapest - H	-	4.71 %	1
Giro Bankkártya Rt	Budapest - H	-	5.76 %	1
Herdisconterings- en Waarborginstituut NV	Brussels - B	203 225 688	13.95 %	1
Immobiliare Novoli SpA	Florence - I	-	16.97 %	1
K & H Befektetési Alapkezelő Kft.	Budapest - H	-	4.71 %	1
Labod - Mavad	Budapest - H	-	6.14 %	1
Rendex NV	Antwerp - B	461 785 227	15.84 %	1
Spike NV	Turnhout - B	438 923 416	7.83 %	1
Wendelen-Fonds NV	Diepenbeek - B	-	13.57 %	1
<b>INSURANCE</b>				
<b>KBC Insurance</b>				
AIA POOL CV	Brussels - B	453 634 752	14.93 %	1
Assurance Ingoboka SA	Kigali - CG	-	22.62 %	1
BEM NV	Brussels - B	461 612 904	8.48 %	1
FBD Life and Pensions Plc	Dublin - IRL	-	33.93 %	1

Reason for exclusion:

1 = insignificant

FVPC BVBA	Tielt - B	451 474 028	33.93 %	1
L.S.T. NV	Turnhout - B	420 149 758	33.83 %	1
SM Berchem NV	Brussels - B	425 859 692	22.62 %	1
SM Vilvoorde NV	Brussels - B	425 859 197	22.62 %	1
Spike NV	Turnhout - B	438 923 416	7.83 %	1

#### **HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES**

Immocert T ' Serclaes NV	Brussels - B	433 037 989	35.00 %	1
Assiafin Consulting NV	Milano - I	-	28.60 %	2
Boomkwekerijen Arbor NV	Houtvenne -B	404 138 127	21.45 %	2
Vicq Arbor SA	Vocq - F	-	17.64 %	2
Ekol NV	Beringen -B	439 289 343	31.20 %	2
Dirafost Frozen Fruit Industry NV	Herk-de Stad -B	432 893 182	29.85 %	2
Artist Screen NV	Dilsen -B	434 039 654	31.16 %	2
Ro NV	Houthalen -B	435 087 461	26.66 %	2
Georges Veldman NV	Bree -B	413 610 968	22.63 %	2
European Futures Structutres NV	Bree -B	435 395 782	21.46 %	2
Foresco NV	Turnhout -B	404 640 646	25.32 %	2
Press & Plattengruppe	Oskarshamn -S	-	42.71 %	2
Gebedi Holding NV	Alken -B	448 239 770	25.24 %	2
Mecam NV	Dilsen -B	418 633 291	30.28 %	2
Vanstraelen Piping NV	Kortesseem -B	430 504 113	21.50 %	2
Destin NV	Diepenbeek -B	448 978 554	33.63 %	2
Hevrox EMC / Safety Services NV	Paal -B	458 931 645	28.60 %	2
Glocom NV	Opglabbeek -B	462 231 427	27.08 %	2
Plastiflex Participations SA	Luxemburg -L	-	18.54 %	2

Reason for exclusion:

1 = insignificant

2 = temporary investment

**V. LIST OF COMPANIES IN WHICH THE GROUP HOLDS AT LEAST 10 % OF THE CAPITAL,  
BUT WHICH ARE NOT INCLUDED IN THE CONSOLIDATION AND NOT CONSOLIDATED  
ACCORDING TO THE EQUITY METHOD**

Name and registered office	VAT-number or national registration number	Percentage of capital held	Date	Currency	Shareholders' equity	Result
<b>BANKING</b>						
<b>KBC Bank</b>						
Banka Hana Prostejov, Czech Republic	-	12.46 %	31/12/1996	CZK	2 111 000	-1 003 000
Belfox CV, Brussels - B	439 548 174	8.83 %	31/12/1997	BEF	556 549	101 720
Coopérative de liquidation des Marchés de la Société de la Bourse de Valeurs Mobilières de Bruxelles, Brussels - B	403 210 192	28.38 %	31/12/1997	BEF	386 756	10 844
E.M.I. Advisory Company SA, Luxemburg - L	-	16.97 %	30/09/1997	LUF	4 285	121 881
Herdisconterings- en waarborg- instituut NV, Brussels - B	203 225 688	13.95 %	31/12/1997	BEF	1 891 424	41 061
Huis van het Hypothecair Krediet NV, Brussels - B	414 515 147	12.73 %	31/12/1997	BEF	7 496 733	139 920
Interprofessionele Effectendeposito- en Girokas NV, Brussels - B	403 206 432	12.15 %	31/12/1997	BEF	466 167	102 319
IsaServer NV, Brussels - B	455 530 509	12.22 %	31/12/1997	BEF	-375 051	-421 835
IsaSoftware NV, Brussels - B	455 527 836	12.22 %	31/12/1997	BEF	1 225	-51 557
<b>Kredietbank SA Luxembourgeoise</b>						
Compagnie Générale de Réassurance SA, Luxemburg - L	-	8.74 %	31/12/1997	LUF	275 060	0
<b>INSURANCE</b>						
<b>KBC Insurance</b>						
Vlaamse Energieholding CV, Gent - B	448 632 324	7.89 %	30/09/1997	BEF	1 552 653	126 329
<b>HOLDING ACTIVITIES AND OTHER SPECIALIZED FINANCIAL SERVICES</b>						
<b>Gevaert</b>						
Boston Millennia Partners Ltd. Partnership, Wilmington, Delaware - USA	-	8.31 %	31/12/1998	USD	44 625	40
IVG Holding AG, Bonn - D	-	10.83 %	31/12/1997	DEM	604 507	62 540

## Other

Scania Noliko NV, Bree - B	BE 405 776 932	14.15 %	31/12/1998	BEF	638 779	48 261
Technum Flanders						
Engineering NV, Hasselt - B	BE 440 251 227	14.59 %	31/12/1997	BEF	130 463	1 449
Huron Valley Europe NV,						
Overpelt - B	BE 455 534 071	17.16 %	31/12/1997	BEF	129 103	-220 253

The above list includes only those companies satisfying at least one of the following minimum requirements:

- shareholders' equity of 100 million BEF
- net result of 50 million BEF

## CHANGES IN THE SCOPE OF CONSOLIDATION IN 1998

As already stated, the comparative pro forma figures were drawn up based on the assumption that the operations had been carried out on 31 December 1997.

### 1. Insurance

For the insurance operations, the pro forma figures were drawn up on the basis of the scope of consolidation as at 31 December 1998, with the exception of the following items:

#### Additions:

K & H Eletbiztosito Rt.	new participation
Chmelarska	new participation

#### Mergers:

- ABB Insurances NV, Omniver NV and Omniver-Leven NV into KBC Insurance NV.
- Fidelitas NV, AVM Verzekeringen NV and Delphi Leven NV into Fidea NV.
- KB-Almaver NV, Eurinbro NV and Interinsure NV into ADD NV.
- VITIS Life Luxembourg SA with AlmaLife Luxembourg SA into VITIS Life Luxembourg SA.

### 2. Banking

For the operations, the pro forma figures were drawn up on the basis of an aggregation of the consolidated figures for the former Kredietbank and CERA Bank, excluding the values derived via the equity method for ABB-insurances NV, VVE, Omniver NV, Omniver-Leven NV, AlmaLife Luxembourg SA and S-Leven NV and the consolidation of VITIS Life Luxembourg SA and KB-Almaver NV.

#### Additions:

KBC Bank (Singapore) Ltd.	new participation
K & H Eletbiztosito Rt.	new participation
Banksys NV	initial consolidation
Bank Card Company NV	initial consolidation
Danube Holdings Ltd.	initial consolidation
Bencrest Properties Ltd.	initial consolidation



Proactive Mortgages Ltd.	new participation
Merrion Leasing Services Ltd.	initial consolidation
Merrion Leasing Ltd.	initial consolidation
Merrion Leasing Equipment Ltd.	initial consolidation
Merrion Commercial Leasing Ltd.	initial consolidation
Gie MM Cogène 2	initial consolidation
Beheermaatschappij Kuipershaven BV	initial consolidation
Financieringsmaatschappij Moneta BV	initial consolidation
Krevast Vastgoed Beheer BV	initial consolidation
Modehuis Raes BV	initial consolidation
Westersingel Holding BV	initial consolidation
KB Districlick Conseil SA	initial consolidation
KB Re SA	initial consolidation
Renelux SA	initial consolidation
Banco Urquijo	new participation
Banque Française de Service et de Crédit	new participation
Patria Finance A.S.	new participation

#### Mergers:

Kredietbank NV, CERA Bank CV, CERA Investment Bank NV and Bank van Roeselare NV into KBC Bank NV.  
 KB Securities NV and Nédée & C°, Beursvennootschap NV into KBC Securities NV.  
 CERABank Luxembourg SA, Nédée Luxembourg SA and BR & Associés Banquiers SA into KBC Bank Luxembourg SA.  
 Kredietbank (Nederland) NV and CERA Bank Nederland NV into KBC Bank Nederland NV.  
 Assurisk SA and CARECOM NV into Assurisk SA.

#### Exclusions:

IsaNet NV	decline in interest to below 20 %
IsaServer NV	decline in interest to below 20 %
IsaSoftware NV	decline in interest to below 20 %
Astrobal Conseil SA	participation sold
Infotrade NV	participation sold
Electimmo NV	participation sold
Finimco NV	participation sold
Naim NV	participation sold
Warinvest NV	participation sold
Guiminvest NV	decline in interest to below 20 %
Benimmo NV	limited significance
Benelrent NV	limited significance
Immobilière Distri-Land NV	issue, real estate certificate
Womac (UK) Ltd.	company not active

Change of name:

With the group being given a new name, a number of subsidiaries were likewise renamed. Generally, 'CERA' and 'KB' were replaced by 'KBC'.

In a few cases, a totally new name was opted for:

KB Financial Services (Ireland) Unltd. became KBC Finance Ireland Unltd.

Crédit Général SA de Banque became CBC Banque SA

HSA-Spaarkrediet NV became Centea NV

KB Cash Fund Conseil SA became KBC Institutional Cash Conseil SA

Transbourse SA became KBC Securities (France) SA

Main changes in participation percentages:

	31.12.1997	31.12.1998
CBC Banque SA	32.88	67.87
Gosfield Company Ltd.	27.18	67.87
Centea NV	39.89	67.57
Krefima NV	34.76	67.82
Kredietfinance Corporation Ltd.	42.29	59.22
KBC Bank Luxembourg SA	34.95	67.87

Change in the method of consolidation:

Assurisk SA	from equity method to full consolidation
Arfina NV	from full consolidation to equity method - company in liquidation
Britec NV	from full consolidation to equity method - company not active
Cera Finance North America Inc.	from full consolidation to equity method - company not active
Ceneca Invest	from full consolidation to equity method - company not active

**3. Holding activities and other specialized financial services**

Change of name:

Immori NV became Almafin NV.

Kredietbank NV became KBC Bank and Insurance Holding Company NV.

Main changes in participation percentages:

	31.12.1997	31.12.1998
KBC Bank and Insurance		
Holding Company NV	38.40	67.87
Kredietbank SA Luxembourgeoise	43.11	46.94
Immolease NV	80.50	100.00
Investco NV	81.40	85.81

## VI. ACCOUNTING PRINCIPLES AND VALUATION RULES

### 1. General principles

The accounting principles and valuation rules conform to Belgian accounting legislation and the provisions of the Royal Decree of 1 September 1986 on holding companies, as amended by the Royal Decree of 25 November 1991, save for the divergent lay-out used (cf. introduction to notes). The banking and insurance businesses are valued in accordance with the annual reporting legislation laid down in the Royal Decree of 23 September 1992 on the consolidated annual accounts of credit institutions and the Royal Decree of 13 February 1996 on the consolidated annual accounts of insurance and reinsurance companies, save for the departures referred to below.

The consolidated annual accounts are consolidated as at 31 December, the year end for the parent company and the great majority of the consolidated companies. For those companies with a different financial year, interim accounts are drawn up as at 31 December for the purpose of consolidation.

The consolidated annual accounts are drawn up after profit appropriation by Almanij NV. The annual accounts of the other consolidated companies are included before profit appropriation.

The operations relating to the merger, the contribution of a totality of assets and liabilities and the contribution of a business entity have also been reflected in the consolidated annual accounts in accordance with the principle of consistency, pursuant to the provisions of the Royal Decree of 8 October 1976 on the annual accounts of companies. This means that the equity items relating specifically to the consolidation and originating from the contributing companies have been added to the corresponding headings of the recipient companies on the basis of their carrying value.

In accordance with Article 63 of the Royal Decree of 6 March 1990 on the consolidated annual accounts of companies, the valuation rules in respect of companies consolidated according to the equity method have not been adjusted to bring them into line with those of the consolidating company.

The assets and liabilities belonging to one and the same activity are in principle valued according to uniform rules. Within the banking operations, the accounting principles and valuation rules applied by KBC Bank and Kredietbank SA Luxembourgeoise are not entirely uniform. The differences have their origin primarily in differences in regulation (prudential and local) and relate mainly to the securities portfolio. Some progress towards harmonization had been made by the close of the 1998 financial year in the definition of the scope of consolidation, the initial treatment of goodwill and the rules on amortization of intangible fixed assets and depreciation of tangible fixed assets. In view of the complexity of the harmonization process and the IT support which it requires, the other changes will be incorporated in the 1999 and future annual accounts.

Differences persist between the activities, owing to the specific rules that apply in the sector. These differences relate primarily to the securities portfolio.

In the profit and loss account, income and expenditure as between the various areas of activity (banking, insurance, holding-company activities and other specialized financial services) which arise in the normal course of business are not eliminated. The corresponding positions on the balance sheet are, however, adjusted via the 'Eliminations' heading. This accounting treatment provides better insight, in business-economic terms, into the results of each business area. Within the areas of activity, reciprocal balances are eliminated from the balance sheet and the profit and loss account, starting from an amount of 100 million BEF

(2 478 935 EUR). Information on the transactions between the banking, insurance and holding-company activities is given in Note XXIX.

## **2. Accounting principles and valuation rules specific to the consolidation**

### **Goodwill on consolidation**

Goodwill on consolidation is the difference between the acquisition cost of the participating interest and the corresponding share in the capital and reserves of that company at the time of acquisition.

If such differences are caused by the over- or undervaluation of certain assets or liabilities, they are imputed to those items, necessitating restatement of the annual accounts of the participating interest included in the consolidation. The remaining difference - generally accounted for by expectations as to the Group's future profitability - is entered in the consolidated accounts under the heading 'Goodwill on consolidation' on the assets or liabilities side of the balance sheet, if the acquisition cost is more or less than the share in the capital and reserves (restated where necessary).

While capitalized goodwill is in principle written off over a period of ten years for banks and other financial institutions and five years for the other companies, the actual period is decided from case to case by the Board of Directors. Supplementary or extraordinary amortization is charged on goodwill if it is no longer economically justified to carry it in the consolidated balance sheet at that amount because of changes in economic circumstances.

Goodwill in respect of acquisitions in prior years which is normally amortized over a different period have not been revalued.

Goodwill on the liabilities side remains unchanged unless

the participating interest is sold or the goodwill is set off against a positive difference subsequently established with respect to the same participating interest.

New positive or negative goodwill on consolidation of up to 20 million BEF (495 787 EUR) is charged direct to income.

### **Consolidated reserves**

The Group reserves comprise the reserves and profits carried forward of the consolidating company, plus the Group's share in the results, after distributions, of the other fully or proportionally consolidated companies and companies valued by the equity method.

### **Third-party interests**

These comprise the share of third parties in the capital and reserves and the profit (or loss) of the fully consolidated companies.

### **Result of companies consolidated according to the equity method**

This relates to the share of the fully consolidated companies in the results of companies consolidated according to the equity method.

### **Translation of the financial statements of consolidated companies denominated in other currencies**

The balance sheets of subsidiaries which are denominated in foreign currencies are translated at the year-end exchange rate and their profit and loss accounts are translated at the average rate for the financial year. Differences arising because the exchange rate used for asset and liability items differs from that used for items constituting capital and reserves are included (together with exchange differences on loans concluded to finance participating interests in foreign currencies), at the amount of the Group's share, under the liabilities heading 'Translation differences'. The translation differences accumulated until the close of 1998 and origi-

nating from the translation of financial statements denominated in an EMU currency will be kept under this heading.

Translation differences are included in the result upon the transfer in whole or in part of the participating interest.

#### **Elimination of internal results**

Gains and losses included in the value of an asset which is included in the consolidated balance sheet and has been acquired from a company which is included in the consolidation are eliminated commensurate with the percentage share (direct and indirect) held by the consolidating company in each of the subsidiaries concerned. Internal gains and losses of under 20 million BEF (495 787 EUR) are not eliminated.

### **3. Accounting principles and valuation rules specific to the banking operations**

#### **Amounts receivable from customers**

Amounts receivable arising from advances or cash deposits are shown in the balance sheet at the amount deposited. The difference between the amount deposited and the face value (discount) is shown as accrued or deferred income and is released to the profit and loss account equally over their remaining term.

Long-term credit, instalment loans and receivables arising from leasing contracts are shown in the balance sheet at the outstanding principal amount, plus interest arrears. Interest received but not yet due and interest collected in advance is released to the profit and loss account from the accrued and deferred income equally over the remaining terms.

Other amounts receivable are included in the balance sheet at face value.

Specific provisions are formed for doubtful and irrecoverable

debts on a case-by-case basis in respect of the amounts of which recovery is uncertain. They are deducted from the relevant asset heading.

For credit whose outcome is uncertain, both specific and general provisions are formed and charged to the relevant asset headings. In accordance with local practice, Kredietbank SA Luxembourgeoise forms a general provision for probable but as yet unidentified risks amounting to 1.25 % of the assets at risk.

Provisions are also formed for country risks depending on the economic, financial or political situation of the country concerned. The provisions which have been formed satisfy as a minimum the standards set by the supervisory authorities. Further write-downs are applied if considered necessary. The overall provision for country risks is deducted from 'Loans and advances to credit institutions'.

A contingency fund has been set aside for possible future risks which, by their nature, are inherent in the operations. The balance of the Internal Reserve for Latent Risks is included in the Fund for General Banking Risks and the component 'Supplementary reserve for foreign credit risks' is included in the general write-downs.

#### **Securities and negotiable paper**

Securities are shown at cost, less subscription fees. The ancillary costs attendant on acquisition are charged directly to the result.

A distinction is drawn between two types of portfolio:

- investment portfolio
- trading portfolio

#### Investment portfolio

Fixed-income investment securities are stated at cost, plus or minus the matured portion of the premium or discount.

Securities forming part of the Kredietbank SA Luxembourgise portfolio are stated at the lower of cost and market value. Cost is adjusted for matured premium. Matured discount is not taken into profit and loss, in accordance with local regulations.

The difference between cost and the redemption value is reflected as interest income in the profit and loss account on an accruals basis over the remaining term to maturity of the securities. This incorporation into the results occurs on an actuarial basis - based on the real rate of return at acquisition.

Gains and losses on the sale of fixed-income investment securities in arbitrage transactions that are carried out within the bounds set annually by the Executive Committee are reflected in the profit and loss account, spread over time, together with future income derived from arbitrage. Kredietbank SA Luxembourgise takes all gains and losses to the profit and loss account on realization.

If redemption of a security is uncertain or doubtful, a write-down is charged according to the principles governing valuation of amounts receivable.

Perpetual debt is valued at the lower of cost and market value.

Shares and other variable-yield securities are valued at cost or market. No write-down is applied if the diminution in value due to a fall in price is hedged.

Securities are valued on sale on an individual basis for each component (KBC Bank) or on the basis of average price (Kredietbank SA Luxembourgise).

#### Trading portfolio

Securities in the trading portfolio are marked to market.

The valuation differences this generates are included in the profit and loss account in 'Profit/(Loss) on financial transactions'.

Securities in the Kredietbank SA Luxembourgise portfolio are stated at the lower of cost and market value, in accordance with local regulations.

#### **Financial fixed assets**

Participating interests consolidated according to the equity method are valued according to the share held in their capital and reserves. Non-consolidated participating interests and shares constituting financial fixed assets are shown at cost.

Write-downs are applied only in the event of a lasting impairment in or loss of value, established on the basis of the financial position, the profitability and the prospects of the company concerned. If a security for which such a write-down had already been deducted shows a lasting increase in value, the amount written down will be written back in whole or in part.

Kredietbank SA Luxembourgise applies the following specific rules:

Participating interests are stated at the lower of cost and market value.

In accordance with the local regulations, fixed-income securities included in financial fixed assets are valued at acquisition cost if the relevant conditions are met. If not, they are valued at the lower of cost and market value.

The premium/discount in respect of securities involved in swap transactions is spread equally over the remaining term. In the case of securities which are valued at cost but which are not involved in a swap transaction and securities valued

at the lower of cost and market value, only the premium, where appropriate, is thus spread. The spread premium/discount is accounted for under 'Net interest income' in the profit and loss account and the accrued and deferred income items in the balance sheet.

In accordance with the principle of capital maintenance (*Beibehaltungsprinzip*), prior-year write-downs may be maintained even if no longer applicable in the light of subsequent price rises.

#### **Formation expenses and intangible fixed assets**

Costs incurred in increasing the capital is charged in full directly to the profit and loss account in the financial year in which the increase takes place.

Goodwill and intangible fixed assets acquired from third parties, including software, are capitalized and amortized according to the straight-line method over a maximum period of five years. Goodwill acquired on the transfer of the MRBB shares to HBB (the Belgian Farmers' Union) and the commitments undertaken by the latter in relation to the merger are to be amortized over a period of eight years, which is the term of the commitments undertaken by HBB.

Software developed in-house is charged immediately to the result.

Systems software is written off at the same rate as hardware, according to the straight-line method over a period of three years.

#### **Tangible fixed assets**

Tangible fixed assets are shown at cost or cost of manufacture, less accumulated depreciation. In addition to the purchase price, cost also includes ancillary costs such as non-recoverable taxes, freight, registration charges and notarial fees. The depreciation period is determined on the basis of

the anticipated useful economic life of the asset. Supplementary or exceptional depreciation may be charged if the carrying value of the asset exceeds its value to the business as a consequence of changing economic or technological circumstances. Non-recoverable taxes are written off in full in the year of acquisition.

Tangible fixed assets which exhibit an incontestable and lasting appreciation in value compared with their carrying value may be revalued. This surplus is written off over the average remaining useful life of the assets in question.

#### **Fund for General Banking Risks**

This provision has been formed against future risks which are inherent in banking operations.

This heading also includes the balance of the item 'Special items with a reserve quota portion' which occurs in the Luxemburg annual accounts layout. This item, comprising tax-free capital gains, qualifies as supplementary own funds for the purposes of compliance with the capital adequacy requirements.

#### **Amounts owed**

Amounts owed as a result of advances or cash deposits are shown in the balance sheet at the amount deposited, less any repayments made. The difference between the amount deposited and the face value is charged as interest payable equally over the remaining term.

#### **Provisions for liabilities and charges**

Provisions for liabilities and charges are intended to cover losses or charges, the nature of which is clearly defined and which at balance sheet date are either likely or certain to be incurred, but amount of which is not fixed.

Provisions are formed inter alia for:

- *Pensions*

This relates to commitments with regard to retirement and survivor's pensions, benefits paid out on early retirement and other similar pensions or annuities.

- *Taxation*

This provision covers the commitments that may arise from a change in the tax base or in the calculation of tax. It matches at least the estimated final cost of tax disputes of which the company is aware at balance sheet date.

- *Other liabilities and charges*

Provisions are formed inter alia for:

- costs associated with the introduction of the euro and with the year 2000;
- legal disputes;
- major maintenance and repair work;
- credit commitments and guarantee commitments;
- restructuring within the context of the merger.

### **Contingent tax liabilities**

In the consolidated balance sheet and profit and loss account, account is taken of the difference arising on consolidation between the tax chargeable for the current financial and previous financial years and the taxes paid or still to be paid with respect to these financial years, if there are grounds for assuming that one of the consolidated companies will indeed incur charges as a result in the foreseeable future. This rule is applied when revaluing assets and liabilities of subsidiaries for the purpose of consolidation, where, on balance and per subsidiary, contingent tax liabilities of a temporary nature result.

### **Currency translation**

Non-monetary items denominated in foreign currency are valued on the basis of the historical rate on acquisition.

Monetary items denominated in foreign currency are translated into their equivalent in Belgian francs at the spot rate at balance sheet date.

Foreign-currency income and expenditure are stated in the profit and loss account at the rate prevailing when they are recognized.

Foreign-currency income and expenditure which have been hedged are stated in Belgian francs at the contractual rate.

Negative and positive valuation differences, except for those relating to the financing of shares and participating interests in foreign currencies, are taken to the profit and loss account.

Kredietbank SA Luxembourgeoise translates all monetary and non-monetary assets and liabilities denominated in foreign currencies into Luxemburg francs at the exchange rate prevailing on balance sheet date. Translation differences other than those arising out of spot transactions hedged by forward contracts (currency swaps and related forward exchange operations) are taken to the profit and loss account.

### **Financial instruments**

The valuation of forward transactions and share options depends on their nature. The following distinction is made in this regard:

Hedging operations are entered into to offset or limit the risk of fluctuations in exchange rates, interest rates or prices. The recognition of the profits and losses on hedging operations matches the imputation of the income and charges associated with the hedged item.



Trading transactions are entered into with a view to realizing gains in the short term. The transactions in question are marked to market at balance sheet date. If the transactions are not carried out on a liquid market, only the negative valuation differences are charged to the result.

Profits and losses on forward interest rate and forward foreign exchange transactions carried out within the framework of cash or asset-and-liability management are released equally over the duration of the transactions.

Transactions which are not entered into for hedging purposes are carried by Kredietbank SA Luxembourgeoise at market value on balance sheet date. Gains are not recognized in the profit and loss account; losses are charged to the profit and loss account and reflected in the liabilities item 'Provisions for other liabilities and charges'.

#### **4. Accounting principles and valuation rules specific to the insurance operations**

##### **Intangible fixed assets**

The same rules apply as for the banking operations.

##### **Investments**

In accordance with the layout for the annual accounts of insurance companies, this heading includes:

- land and buildings;
- investments in companies valued by the equity method and participating interests;
- other financial investments, including securities, mortgage loans, other loans and deposits with credit institutions;
- deposits with ceding companies.

Tangible fixed assets are valued at cost plus ancillary expenses such as non-recoverable taxes. The ancillary expenses

are depreciated over the same period as the asset concerned, except for those relating to real estate which are written off in full in the year of acquisition.

Fixed-income investment securities serving to support liquidity are marked to market if their market value is lower than their carrying value and/or if uncertainty exists regarding recovery of all or part of the amount receivable on the due date.

Gains and losses on the sale of fixed-income investment securities for the purpose of arbitrage transactions are included in the profit and loss account, spread over time, together with the future income derived from the arbitrage.

Shares and other variable-yield securities are valued at cost, with a write-down being charged in the event of a lasting diminution in value.

Amounts receivable are recorded in the balance sheet at face value. Interest earned but not yet due, the difference between cost and face value, and the discount on amounts receivable which bear no or an exceptionally low rate of interest are shown in 'Deferred charges and accrued income' and released to the profit and loss account *pro rata temporis* on the basis of the compound interest.

If, at the close of the financial year, the realizable value of a receivable is lower than its carrying value, and if this diminution in value can be considered real and permanent in nature, a write-down is applied of the recognized diminution in value.

##### **Investments for the benefit of life insurance policyholders who bear the investment risk**

Securities included under this heading are marked to market. The valuation differences this generates are included in the profit and loss account under 'Investment income and charges'.

### Technical provisions

The provision for unearned premiums for direct business and reinsurance ceded is calculated according to the twenty-fourths method. It is calculated on the basis of premiums written, net of commissions. For reinsurance business received and retrocession, a rate of 50 % of the eligible premiums for the current financial year is used for the computation.

The life insurance provision is computed according to the prevailing actuarial principles. The technical provisions for standard, class-21 life insurance are calculated using prospective actuarial formulas applied to the basic underwriting assumptions made with regard to the contracts, with the exception of the rate of interest, which is 4 %. The technical provisions for contemporary class-21 life insurance are computed using retrospective formulas applied to the basic underwriting assumptions underlying the contracts. The technical provisions for class-23 life insurance are computed by multiplying the number of units per fund by the price per unit of the fund in question.

The provision for claims outstanding is calculated per claim or per contract, and is based on known elements in the file.

All amounts in the equalization and catastrophe provision are retained with a view to offsetting the non-recurrent underwriting losses in the years ahead, and in order to equalize fluctuations in the loss ratio, as well as to cover special risks.

At the consolidated level, the required amount this provision should reach will be set aside from the 1998 financial year. This amount is calculated using the flat-rate methods described in the communication by the Belgian Insurance Supervisory Authority (CDV) D. 151.

### Provisions, deferred taxes and future taxation

The same rules apply as for the banking operations.

### Currency translation

Non-monetary items denominated in foreign currency are translated at the exchange rate prevailing at the end of the month preceding their acquisition.

Monetary items denominated in foreign currency are translated into Belgian francs at the spot rate on balance sheet date.

The balance of the positive and negative differences arising from the translation of the technical provisions denominated in foreign currency are included under the corresponding 'Adjustments to the technical provisions' headings in the profit and loss account.

The negative balance of the differences arising from the translation of monetary items denominated in foreign currency, other than the technical provisions, is charged to the profit and loss account. The positive balance is entered under the accrued and deferred income heading as income carried forward, with the exception of the positive differences on EMU currencies, which were already reflected in the result for the 1998 financial year, in view of their definitive nature.

Charges and income expressed in foreign currency are translated quarterly and included in the profit and loss account at the spot rate prevailing at the end of the quarter.

### 5. Valuation rules applicable to holding-company activities and other specialized financial services

#### Financial fixed assets – other

Participating interests and shares are valued at cost. If securities are sold, their carrying value is established on a case-

by-case basis for each component, except for the securities in the Gevaert portfolio which are stated on the basis of average prices. The ancillary costs attendant on the acquisition of securities are charged directly to the result for the financial year.

If, at the close of the financial year, a diminution in value has occurred which can be considered real and permanent in nature, having regard to the financial position, the profitability and the prospects of the company in which the participating interest or the shares are held, a write-down is applied of the recognized diminution in value.

If a security from which such a write-down had already been deducted exhibits a lasting increase in value, the amount written down will be written back in whole or in part.

Write-downs are deducted from amounts receivable, including fixed-income investment securities included in financial fixed assets, if there is any uncertainty regarding collection of all or part of the amount receivable on the due date.

#### **Investments**

The same rules apply to shares included in investments as to shares included in financial fixed assets, except that listed securities are valued at year-end market price if lower.

#### **Currency translation**

Monetary items are translated at the year-end rate.

Valuation differences arising on translation of EMU currencies are reflected in the result in view of their definitive nature.

Positive differences arising on translation of non-EMU currencies are included as deferred income. Negative translation differences are charged to the profit and loss account.

#### **Financial instruments**

Premiums received on written options are included in the profit and loss account. If they are not related to hedging operations, a provision may be formed at year-end.

Premiums paid on options which do not serve to hedge written options are included in 'Investments'. Write-downs are applied if the market value falls below cost. Premiums paid on options serving as a hedge against written options are charged to the profit and loss account.

#### **6. Change in valuation rules**

The valuation rules within the areas of activity were harmonized in the course of the 1998 financial year to enable the application of uniform valuation rules for the Group: with respect to the banking operations as between the former Kredietbank and the former Cera Bank and with respect to the insurance operations as between the former ABB and the former Fidelitas.

In accordance with the requirements of the continuity principle, the effects of this harmonization are reflected in the results for 1998 but not in the pro forma figures for 1997.

The harmonization with regard to the banking operations relates to the method of calculating the provision for general write-downs on credit risks whose outcome is uncertain: - 422 million BEF (- 10 461 107 EUR); accounting for the effect of tax on taxed write-downs: + 728 million BEF (+ 18 046 648 EUR); and the charge off of the full amount of capitalized issue expenses: - 284 million BEF (- 7 040 176 EUR).

The harmonization with regard to the insurance operations relates to the provisions for unearned premiums, which are henceforth calculated on the basis of the written premiums excluding commissions: + 1 399 million BEF

(+ 34 680 304 EUR); adjustment of Fidea's life insurance provision: - 2 285 million BEF (- 56 643 670 EUR); and the technical provisions for contemporary life insurance, which are henceforth discounted at a rate of 4 %: - 2 078 million BEF (- 51 512 274 EUR).

In the insurance operations, the equalization and catastro-

phe provision was increased for the first time to the maximum set by the Belgian Insurance Supervisory Authority. This extra provision reduced the results by 4 572 million BEF (113 336 920 EUR).

The above amounts are shown before deduction of third-party interests.



## VII. STATEMENT OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS

(in thousands of BEF)

(Assets heading I.)

	1997	1998
<b>A. For the heading as a whole:</b>	pro forma	
1. - repayable on demand	180 874 894	342 841 560
- other loans and advances (with agreed maturity dates or periods of notice)	1 807 968 312	1 158 516 601
<b>B. Other loans and advances (with agreed maturity dates or periods of notice) to credit institutions (see Note VII A.1.)</b>		
1. Trade bills eligible for refinancing at the central bank of the country (countries) in which the credit institution is established	992 392	2 010 820
2. Breakdown of loans and advances according to remaining maturity:		
. not more than three months		823 522 790
. more than three months but not more than one year		219 130 447
. more than one year but not more than five years		49 332 703
. more than five years		10 817 351
. undated		55 713 310

## VIII. STATEMENT OF LOANS AND ADVANCES TO CUSTOMERS

(Assets heading II.)

	1997	1998
	pro forma	
1. Subordinated loans and advances	455 864	397 106
2. Trade bills eligible for refinancing at the central bank of the country (countries) in which the credit institution is established	8 512 083	10 478 780
3. Breakdown of loans and advances according to remaining maturity:		
. not more than three months		511 427 050
. more than three months but not more than one year		233 215 682
. more than one year but not more than five years		735 450 236
. more than five years		658 070 591
. undated		167 153 557

## IX. STATEMENT OF FIXED-INCOME SECURITIES

(in thousands of BEF)

(Assets heading III.A.)

	1997	1998
	pro forma	
<b>A. For the heading as a whole:</b>		
Breakdown by type of security:		
. Treasury bills eligible for refinancing		
at the central bank	239 225 061	115 377 139
. Bonds and other fixed-income securities	1 737 891 727	1 868 332 678
<b>B. For bonds and other fixed-income securities:</b>		
1. Bonds and securities representing subordinated loans	13 509 448	11 053 659
2. Breakdown by type of issuer		
. public bodies	1 266 158 623	1 378 882 005
. other borrowers	471 733 104	489 450 673
3. Geographical breakdown of the following items:	<b>Abroad</b>	<b>in Belgium</b>
. public bodies	221 486 214	1 157 395 791
. other borrowers	425 961 260	63 489 413
4. Listing and maturity	<b>Market value</b>	<b>Carrying value</b>
a) . Listed securities	1 730 408 125	1 655 575 127
. Unlisted securities		212 757 551
		<b>1998</b>
b) . Remaining maturity of not more than one year		330 795 620
. Remaining maturity of more than one year		1 537 537 058
5. Breakdown of bonds and securities according to type of portfolio:		
a) . Trading portfolio		180 118 636
b) . Investment portfolio		1 688 214 042
6. For the trading portfolio:		
. the positive difference between the higher market value and the acquisition cost of the bonds and securities that are valued at market value		5 291 247
. in the event, the positive difference between the higher market value and the carrying value of the bonds and securities that are valued in accordance with Article 35 ter, § 2, paragraph two, of the Royal Decree of 23 September 1992 on the annual accounts of credit institutions		0
7. For the investment portfolio:		
. the positive difference in respect of all securities whose redemption value is greater than their carrying value		8 488 322
. the negative difference in respect of all securities whose redemption value is less than their carrying value		79 142 530

( in thousands of BEF)

8. Detailed statement of the carrying value of the investment portfolio

(Assets heading III.A.)

<b>a) Acquisition cost</b>	<b>1998</b>
Pro forma opening balance	1 607 367 019
Movements during the financial year:	
. acquisitions	1 128 489 176
. transfers (-)	-1 038 158 350
. adjustments pursuant to Article 35 ter, § 4 and 5, of the Royal Decree of 23 September 1992 on the annual accounts of credit institutions (+/-)	-6 667 199
. translation differences (+/-)	-2 303 547
. other movements (+/-)	801 492
<b>As at the end of the financial year</b>	<b>1 689 528 591</b>
<b>b) Transfers between portfolios</b>	<b>none</b>
<b>c) Write-downs</b>	
Pro forma opening balance	576 750
Movements during the financial year:	
. recorded	976 645
. written back due to redundancy (-)	-119 837
. written off (-)	-68 350
. transferred from one heading to another (+/-)	-46
. translation differences (+/-)	-129 453
. other movements (+/-)	78 840
<b>As at the end of the financial year</b>	<b>1 314 549</b>
<b>d) Carrying value as at the end of the financial year (a-c)</b>	<b>1 688 214 042</b>

**X. STATEMENT OF SHARES AND OTHER VARIABLE-YIELD SECURITIES**

(in thousands of BEF)

(Assets heading III. B.)

1. Geographical breakdown of issuers:		<b>1998</b>
. Belgian issuers		56 817 723
. Foreign issuers		53 357 783
2. Listing	<b>Market value</b>	<b>Carrying value</b>
. Listed securities	119 749 627	93 307 887
. Unlisted securities		16 867 619
3. Breakdown of shares and other securities according to type of portfolio:		<b>1998</b>
. Trading portfolio		35 726 323
. Investment portfolio		74 449 183
4. For the trading portfolio:		
. the positive difference between the carrying value and the market value of the securities valued at market value		1 416 571
. the positive difference between the market value and the carrying value of securities valued in accordance with Article 35 ter, § 2, paragraph two, of the Royal Decree of 23 September 1992 on the annual accounts of credit institutions		0
5. Detailed statement of the carrying value of the investment portfolio		
a) <b>Acquisition cost</b>		
Pro forma opening balance		56 961 712
Movements during the financial year:		
. acquisitions		52 110 676
. transfers (-)		-33 262 891
. translation differences (+/-)		-154 036
. other movements (+/-)		1 189 696
<b>As at the end of the financial year</b>		<b>76 845 157</b>
c) <b>Write-downs</b>		
Pro forma opening balance		649 846
Movements during the financial year:		
. recorded		1 860 156
. written-back due to redundancy (-)		-121 199
. written off (-)		-23 531
. translation differences (+/-)		-7 979
. other movements (+/-)		38 681
<b>As at the end of the financial year</b>		<b>2 395 974</b>
d) <b>Carrying value as at the end of the financial year (a - c)</b>		<b>74 449 183</b>



## XI. STATEMENT OF FINANCIAL FIXED ASSETS

(in thousands of BEF)

(Assets heading IV.)

	1997		1998		
	pro forma				
<b>1. Breakdown of heading IV.</b>					
a) Companies consolidated according to the equity method					
1. Participating interests		142 535		2 653 610	
2. Subordinated loans and advances		0		0	
b) Other companies					
1. Participating interests		23 839 907		17 735 016	
2. Subordinated loans and advances		141 609		1 645 158	
3. Debenture loans		191 893 999		192 186 000	
<b>2. Breakdown of participating interests included under Assets heading IV. (see Note XI.1.)</b>					
		Credit institutions		Other companies	
		1997	1998	1997	1998
		pro forma		pro forma	
a) Economic sector of the					
- companies consolidated according					
to the equity method		0	0	142 535	2 653 610
- other companies		8 915 175	8 609 897	14 924 732	9 125 119
		Listed	Unlisted		
b) Listing					
- companies consolidated according					
to the equity method		0	2 653 610		
- other companies		9 392 386	8 342 630		

c) Detailed statement of the carrying value as at the end of the financial year

	Companies consolidated according to the equity method	Other
<b>1. Acquisition cost</b>		
As at the end of the previous financial year (published figures)	0	0
Changes as a result of the merger	142 535	26 063 327
<b>Pro forma opening balance</b>	<b>142 535</b>	<b>26 063 327</b>
Movements during the financial year:		
. acquisitions	0	5 057 713
. transfers (-)	105 121	-2 081 519
. share in the result for the financial year	-6 095	
. transfers from one heading to another (+/-)	0	-7 545 423
. translation differences (+/-)	-133	-242 915
. other movements (+/-)	2 412 182	-1 340 062
<b>As at the end of the financial year</b>	<b>2 653 610</b>	<b>19 911 121</b>
<b>3. Write-downs</b>		
As at the end of the previous financial year (published figures)	0	0
Changes as a result of the merger	0	885 804
<b>Pro forma opening balance</b>	<b>0</b>	<b>885 804</b>
Movements during the financial year:		
. recorded		118 706
. written-back due to redundancy (-)	0	-37 722
. translation differences (+/-)	0	-988
<b>As at the end of the financial year</b>	<b>0</b>	<b>965 800</b>
<b>4. Uncalled amounts</b>		
As at the end of the previous financial year (published figures)	0	0
Changes as a result of the merger	0	1 337 616
<b>Pro forma opening balance</b>	<b>0</b>	<b>1 337 616</b>
- Movements during the financial year (+/-)	0	-127 311
<b>As at the end of the financial year</b>	<b>0</b>	<b>1 210 305</b>
<b>5. Net carrying value as at the end of the financial year (1-3-4)</b>	<b>2 653 610</b>	<b>17 735 016</b>

3. Breakdown of the subordinated loans and advances included under Assets heading IV. (see Note XI.1.)

	Credit institutions		Other companies	
	1997	1998	1997	1998
	pro forma		pro forma	
a) Subordinated loans and advances to				
- other companies	0	742 518	141 609	902 640
c) Detailed statement of the subordinated loans				
		Credit institutions and other companies		
As at the end of the previous financial year				
(published figures)		141 609		
Changes as a result of the merger		0		
Pro forma opening balance		141 609		
Movements during the financial year:				
. additions		1 645 158		
. repayments (-)		-141 609		
Net carrying value as at the end of the financial year		1 645 158		

## XII. STATEMENT OF INTANGIBLE FIXED ASSETS AND GOODWILL ON CONSOLIDATION

(in thousands of BEF)

(Assets heading V., VIII., XIV. and liabilities heading V.)

	1997 pro forma	1998	
<b>A. For Assets heading V. as a whole:</b>			
Banking			
. Formation expenses and intangible fixed assets	1 283 283	2 322 363	
. Goodwill on consolidation	3 196 021	3 869 454	
Insurance			
. Formation expenses and intangible fixed assets	106 599	3 170 612	
. Goodwill on consolidation	2 425 131	565 853	
Holding activities and other specialized financial services			
. Formation expenses and intangible fixed assets	103 739	26 010	
. Goodwill on consolidation	881 197	2 024 578	
<b>B. Formation expenses and intangible fixed assets</b>			
	Banking	Insurance	Holding activities and other specialized financial services
<b>a) Acquisition cost</b>			
As at the end of the previous financial year (published figures)			
	1 307 923	148 239	371 625
Changes as a result of the merger	887 924	205 519	-169 480
<b>Pro forma opening balance</b>	<b>2 195 847</b>	<b>353 758</b>	<b>202 145</b>
Movements during the financial year:			
. acquisitions, including the produced fixed assets / new charges	2 095 395	3 535 580	28 629
. transfers and asset retirements (-)	-39 072	-433 091	-10 825
. transfers from one heading to another (+/-)	-28 615	-8 826	0
. translation differences (+/-)	-22 817	0	0
. other movements (+/-)	99 036	956 072	0
<b>As at the end of the financial year</b>	<b>4 299 774</b>	<b>4 403 493</b>	<b>219 949</b>

<b>b) Depreciation and write-downs</b>			
As at the end of the previous financial year			
(published figures)	659 503	247 159	136 436
Changes as a result of the merger	253 061	0	-38 030
<b>Pro forma opening balance</b>	<b>912 564</b>	<b>247 159</b>	<b>98 406</b>
Movements during the financial year			
. recorded	995 557	474 803	100 387
. written back due to redundancy (-)	-890	-216 714	0
. acquired from third parties	0	736 459	0
. written off (-)	-98 533	0	-4 854
. transferred from one heading to another (+/-)	-898	-8 826	0
. translation differences (+/-)	-5 187	0	0
. other movements (+/-)	174 798	0	0
<b>As at the end of the financial year</b>	<b>1 977 411</b>	<b>1 232 881</b>	<b>193 939</b>
<b>c) Net carrying value as at the end of the financial year (a-b)</b>			
	<b>2 322 363</b>	<b>3 170 612</b>	<b>26 010</b>
of which			
- formation or capital increase expenses, loan issue expenses and other formation expenses	56	0	7 297
- goodwill	4 566	62 477	0
- other intangible fixed assets	2 317 741	3 108 135	18 713

## XII. STATEMENT OF INTANGIBLE FIXED ASSETS AND GOODWILL ON CONSOLIDATION (continuation)

(Assets heading V.)

C. Goodwill on consolidation	Positive goodwill		
	Banking	Insurance	Holding activities and other specialized financial services
1. Goodwill on consolidation			
As at the end of the previous financial year (published figures)	0	0	1 454 613
Changes as a result of the merger	3 196 021	0	-573 416
<b>Pro forma opening balance</b>	<b>3 196 021</b>	<b>2 423 193</b>	<b>881 197</b>
Movements during the financial year:			
- following a rise in the percentage of participation	1 571 380	826 046	1 716 790
- following a decline in the percentage of participation	-131 242	0	-23 216
- depreciation	-881 421	-2 684 323	-550 574
- other movements	114 716	0	381
Subtotal, movements	673 433	-1 858 277	1 143 381
<b>Net carrying value as at the end of the financial year</b>	<b>3 869 454</b>	<b>564 916</b>	<b>2 024 578</b>
2. Goodwill after application of the equity method			
As at the end of the previous financial year (published figures)	0	0	0
Changes as a result of the merger	0	0	0
<b>Pro forma opening balance</b>	<b>0</b>	<b>1 938</b>	<b>0</b>
Movements during the financial year:			
- following a decline in the percentage of participation			
- depreciation	0	-938	0
- other movements	0	-63	0
Subtotal, movements	0	-1 001	0
<b>Net carrying value as at the end of the financial year</b>	<b>0</b>	<b>937</b>	<b>0</b>

(in thousands of BEF)

	Negative goodwill		
	Banking	Insurance	Holding activities and other specialized financial services
1. Goodwill on consolidation			
As at the end of the previous financial year (published figures)	0	0	1 165 633
Changes as a result of the merger	154 516	162 456	11 775 952
<b>Pro forma opening balance</b>	<b>154 516</b>	<b>162 456</b>	<b>12 941 585</b>
Movements during the financial year:			
- following a rise in the percentage of participation	297	0	2 445
- following a decline in the percentage of participation	0	0	-309 332
- depreciation	0	0	0
- other movements	23 860	-31 507	443 874
Subtotal, movements	24 157	-31 507	136 987
<b>Net carrying value as at the end of the financial year</b>	<b>178 672</b>	<b>130 949</b>	<b>13 078 572</b>
2. Goodwill after application of the equity method			
As at the end of the previous financial year (published figures)	0	0	5 146 406
Changes as a result of the merger	0	147 337	-5 146 406
<b>Pro forma opening balance</b>	<b>0</b>	<b>147 337</b>	<b>0</b>
Movements during the financial year:			
- following a decline in the percentage of participation		-850	0
- depreciation	0	0	0
- other movements	0	0	0
Subtotal, movements	0	-850	0
<b>Net carrying value as at the end of the financial year</b>	<b>0</b>	<b>146 487</b>	<b>0</b>

**XIII. STATEMENT OF TANGIBLE FIXED ASSETS - BANKING**

(in thousands of BEF)

(Assets heading VI.)	Land and buildings	Plant, machinery and equipment
<b>a) Acquisition cost</b>		
Pro forma opening balance	43 092 399	15 784 006
Movements during the financial year:		
. acquisitions, including the resulting fixed assets	5 022 543	3 207 048
. transfers and asset retirements (-)	-595 526	-2 911 907
. transfers from one heading to another (+/-)	154 629	418 470
. translation differences (+/-)	-176 586	-47 171
. other movements (e.g.; in the scope of consolidation) (+/-)	3 934 816	1 520 127
<b>As at the end of the financial year</b>	<b>51 432 275</b>	<b>17 970 573</b>
<b>b) Gains</b>		
Pro forma opening balance	6 040 653	0
Movements during the financial year:		
. recorded		
. written off (+/-)	-549 813	0
. transferred from one heading to another	-847 021	0
. translation differences (+/-)	-6 868	0
. other movements (e.g.; changes in the scope of consolidation) (+/-)	52 223	0
<b>As at the end of the financial year</b>	<b>4 689 174</b>	<b>0</b>
<b>c) Depreciation and write-downs</b>		
Pro forma opening balance	18 004 458	11 375 690
Movements during the financial year:		
. recorded	2 379 900	3 741 962
. written back due to redundancy (-)	-24 585	-2 425
. cancelled due to transfers and asset retirements (-)	-563 021	-2 898 821
. transferred from one heading to another (+/-)	-1 005 131	154 334
. translation differences (+/-)	-6 171	-24 590
. other movements (e.g; changes in the scope of consolidation) (+/-)	744 298	908 981
<b>As at the end of the financial year</b>	<b>19 529 748</b>	<b>13 255 131</b>
<b>d) Net carrying value as at the end of the financial year (a + b - c)</b>	<b>36 591 701</b>	<b>4 715 442</b>
of which:		
. land and buildings		



Furniture and vehicles	Leasing and similar rights	Other tangible fixed assets	Assets under construction and advance payments	TOTAL
6 085 528	91 581	10 305 663	214 114	
770 053	1 344	7 480 194	534 290	
-417 350	-317	-2 062 326	-121 659	
-212 329	-8 195	-306 102	-523 352	
-25 552	-9 885	376	-12 673	
249 617	-507	2 780 234	-867	
<b>6 449 967</b>	<b>74 021</b>	<b>18 198 039</b>	<b>89 853</b>	<b>94 214 728</b>
1 705	0	30 851	0	
0	0	0	0	
0	0	-30 851	0	
0	0	0	0	
0	0	0	0	
<b>1 705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 690 879</b>
4 133 593	8 848	3 389 893	8 097	
599 617	4 762	1 736 503	0	
-41	0	-86	0	
-407 741	-1 889	-938 234	0	
-32 388	15 632	-145 920	-8 097	
-20 879	-1 948	48	0	
192 694	-35	1 896 299	0	
<b>4 464 855</b>	<b>25 370</b>	<b>5 938 503</b>	<b>0</b>	<b>43 213 607</b>
<b>1 986 817</b>	<b>48 651</b>	<b>12 259 536</b>	<b>89 853</b>	<b>55 692 000</b>
	48 651			

**XIV. STATEMENT OF REAL ESTATE AND SECURITIES USED FOR INVESTMENT PURPOSES  
OF THE INSURANCE BUSINESS**

(in thousands of BEF)

(Assets heading IX.)

	1997	1998
	pro forma	
<b>1. Breakdown of Assets heading IX. Investments</b>		
IX.1. Land and buildings		
a. For own activities	1 754 107	1 709 013
b. Other	4 349 147	4 355 030
IX.2. Investments in companies consolidated according to the equity method and participating interests in		
- Affiliated companies		
a. Participating interests	2 765 844	262 542
- Other companies linked by participating interests		
c. Participating interests	10 169 607	867 485
d. Debt securities issued by, and loans and advances to, these companies	464 219	320 119
- Companies consolidated according to the equity method		
e. Participating interests	1 757 533	1 898 948
IX.3. Other financial investments		
a. Shares, participating interests and other variable-yield securities	27 526 374	68 027 450
b. Bonds and other fixed-income securities	173 725 229	198 924 299
c. Participation in investment pools	1 274 462	1 543 389
d. Loans guaranteed by mortgages	13 974 576	12 881 221
e. Other loans	1 052 696	908 822
f. Deposits with credit institutions	4 902 881	4 552 876
g. Other	150 656	146 018
IX.4. Deposits with ceding undertakings	4 098 939	4 450 041
<b>Total</b>	<b>247 966 270</b>	<b>300 847 253</b>

**XIV. STATEMENT OF REAL ESTATE AND SECURITIES USED FOR INVESTMENT PURPOSES  
OF THE INSURANCE BUSINESS (continuation)**

(in thousands of BEF)

2. Movements in the relevant Assets headings	IX.I. Land and buildings	IX.2.a. Participating interests in affiliated companies	IX.2.c. Participating interests in companies linked by participating interests
<b>a) Acquisition cost</b>			
As at the end of the preceding period	9 646 617	2 799 876	10 406 996
Movements during the financial year:			
. Acquisitions	430 731	4 750	72 770
. Transfers and asset retirements	(-) -72 168	-2 177 261	-469 591
. Transfers from one heading to another	(+ (-)		-8 373 161
. Other movements	(+ (-) 539 863	-317 251	-607 496
As at the end of the financial year	10 545 043	310 114	1 029 518
<b>b) Gains</b>			
As at the end of the preceding period			
Movements during the financial year:			
. Recorded			
. Acquired from third parties			
. Written off	(-)		
. Transferred from one heading to another	(+ (-)		
As at the end of the financial year	0	0	0
<b>c) Depreciation and write-downs</b>			
As at the end of the preceding period	3 543 363	34 032	28 643
Movements during the financial year:			
. Recorded	422 210	13 572	-211
. Written back due to redundancy	(-) 0	-32	
. Acquired from third parties	539 412		
. Written off	(-) -23 985		
. Transferred from one heading to another	(+ (-)		
As at the end of the financial year	4 481 000	47 572	28 432
<b>d) Uncalled amounts (art.29,§ 1.)</b>			
As at the end of the preceding period			208 746
Movements during the financial year	(+ (-)		-75 145
As at the end of the financial year	0	0	133 601
<b>Net carrying value as at the end of the financial year</b>	<b>6 064 043</b>	<b>262 542</b>	<b>867 485</b>
(a) + (b) - (c) - (d)			

(in thousands of BEF)

	IX.2.d. Debt securities issued by and loans and advances to companies linked by participating interests	IX.2.e. Participating interests in companies consolidated according to the equity method	IX.3.a. Shares, participating interests and other variable-yield securities	IX.3.b. Bonds and other fixed-income securities
<b>a) Acquisition cost</b>				
<b>As at the end of the preceding period</b>	<b>464 219</b>	<b>1 757 533</b>	<b>27 851 638</b>	<b>174 433 641</b>
Movements during the financial year:				
. Acquisitions	18 600	141 415	41 656 627	54 215 213
. Transfers and asset retirements	(-) -162 700		-11 715 264	-22 736 543
. Transfers from one heading to another	(+) (-)		8 201 350	12 500
. Other movements	(+) (-)		2 924 187	-6 063 417
<b>As at the end of the financial year</b>	<b>320 119</b>	<b>1 898 948</b>	<b>68 918 538</b>	<b>199 861 394</b>
<b>b) Gains</b>				
<b>As at the end of the preceding period</b>			<b>2 558</b>	
Movements during the financial year:				
. Recorded				
. Acquired from third parties			61 407	
. Written off	(-)			
. Transferred from one heading to another	(+) (-)			
<b>As at the end of the financial year</b>	<b>0</b>	<b>0</b>	<b>63 965</b>	<b>0</b>
<b>c) Depreciation and write-downs</b>				
<b>As at the end of the preceding period</b>			<b>231 921</b>	<b>708 412</b>
Movements during the financial year:				
. Recorded			681 100	93 008
. Written back due to redundancy	(-)		-25 091	-55 277
. Acquired from third parties				190 952
. Written off	(-)		-3 596	
. Transferred from one heading to another	(+) (-)		-10 514	
<b>As at the end of the financial year</b>	<b>0</b>	<b>0</b>	<b>873 820</b>	<b>937 095</b>
<b>d) Uncalled amounts (art.29.§ 1.)</b>				
<b>As at the end of the preceding period</b>			<b>95 901</b>	
Movements during the financial year	(+) (-)		-14 668	
<b>As at the end of the financial year</b>	<b>0</b>	<b>0</b>	<b>81 233</b>	<b>0</b>
<b>Net carrying value as at the end of the financial year</b>	<b>320 119</b>	<b>1 898 948</b>	<b>68 027 450</b>	<b>198 924 299</b>
(a) + (b) - (c) -(d)				

**XV. STATEMENT OF FINANCIAL FIXED ASSETS OF THE HOLDING COMPANY ACTIVITIES  
AND OTHER SPECIALIZED FINANCIAL SERVICES**

(in thousands of BEF)

(Assets heading XV.)

	1997	1998
	pro forma	
<b>A. Breakdown of Assets heading XV.</b>		
- enterprises consolidated according to the equity method:		
1. participating interests	2 061 515	6 398 654
2. amounts receivable	3 566 616	998 405
- other enterprises:		
1. participating interests	29 514 659	19 239 080
2. amounts receivable	3 039 047	6 260 029
 <b>B. Detailed statement of the participating interests included in Assets heading XV.</b>		
(see Note XV.A.)		
	enterprises consolidated	other
	according to the	
	equity method	
<b>a) Acquisition cost</b>		
As at the end of the preceding financial year		
(published figures)	61 908 799	27 998 312
Changes due to the merger	-59 847 284	2 262 829
<b>Pro forma opening balance</b>	<b>2 061 515</b>	<b>30 261 141</b>
Movements during the financial year:		
. acquisitions	5 149 877	3 405 772
. transfers (-)		-14 925 195
. share in the result of the financial year	48 140	
. elimination of dividends with regard to		
these participating interests	-27 500	
. other movements (+/-)	-758 095	2 043 554
<b>As at the end of the financial year</b>	<b>6 473 937</b>	<b>20 785 272</b>
 <b>b) Gains</b>		
<b>Pro forma opening balance</b>	<b>0</b>	<b>0</b>
Movements during the financial year:	NONE	NONE
<b>As at the end of the financial year</b>	<b>0</b>	<b>0</b>

(in thousands of BEF)

	enterprises consolidated according to the equity method	other
<b>c) Write-downs</b>		
As at the end of the preceding financial year (published figures)	0	349 938
Changes due to the merger	0	370 189
<b>Pro forma opening balance</b>	<b>0</b>	<b>720 127</b>
Movements during the financial year:		
. recorded	75 283	47 434
<b>As at the end of the financial year</b>	<b>75 283</b>	<b>767 561</b>
<b>d) Uncalled amounts</b>		
As at the end of the preceding financial year (published figures)	0	8 500
Changes due to the merger	0	17 855
<b>Pro forma opening balance</b>	<b>0</b>	<b>26 355</b>
Movements during the financial year (+/-)	0	752 276
<b>As at the end of the financial year</b>	<b>0</b>	<b>778 631</b>
<b>Net carrying value as at the end of the financial year</b> (a + b - c - d)	<b>6 398 654</b>	<b>19 239 080</b>

**C. Detailed statement of the amounts receivable included in Assets heading XV.**

(see Note XV.A.)

	enterprises consolidated according to the equity method	other
As at the end of the preceding financial year (published figures)	3 566 616	528 067
Changes due to the merger	0	2 510 980
<b>Pro forma opening balance</b>	<b>3 566 616</b>	<b>3 039 047</b>
Movements during the financial year:		
. additions	998 405	181 163
. repayments (-)	0	-526 797
. other movements (-/+ reclassifications)	-3 566 616	3 566 616
<b>Net carrying value as at the end of the financial year</b>	<b>998 405</b>	<b>6 260 029</b>

## XVI. STATEMENT OF RESERVES AND RESULT CARRIED FORWARD

(in thousands of BEF)

(Liabilities heading IV.)

As at the end of the preceding period (published figures)	43 984 374
Changes due to the merger	19 387 474
<b>Pro forma opening balance</b>	<b>63 371 848</b>
Movements during the financial year:	
Group result	36 112 342
Dividends	-7 576 469
Directors	-72 500
Other	23 379
<b>As at the end of the financial year</b>	<b>91 858 600</b>

**XVII. STATEMENT OF SUBORDINATED LIABILITIES**

(in thousands of BEF)

(Liabilities heading IX.)

	1997 pro forma	1998
<b>A. For the heading as a whole</b>		
- liabilities of other companies included in the consolidation		
. Convertible	10 000 199	36 041 080
. Non-convertible	165 170 823	169 233 061
<b>B. Costs attendant on subordinated liabilities</b>		11 263 614
<b>C. Specific details</b>		
Year maturing	Total	
1999	25 981 734	
2000	14 456 155	
2001	9 776 717	
2002	24 051 947	
2003	18 745 735	
2004	18 140 323	
2005	43 369 651	
2006	2 611 101	
2007	3 435 245	
2008	18 254 509	
2011	5 186 251	
2014	174 977	
Perpetual debts	21 089 796	
Total	205 274 141	



**XVIII. STATEMENT OF AMOUNTS OWED TO CREDIT INSTITUTIONS**

(in thousands of BEF)

(Liabilities heading XI.)

	1997	1998
	pro forma	
A. For the heading as a whole:		
- repayable on demand	153 901 822	172 555 436
- amounts owed as a result of the rediscounting of trade bills	9 315 138	5 299 214
- other debts with agreed maturity dates or periods of notice	2 134 288 062	1 537 382 585
B. Breakdown, according to remaining maturity, of amounts owed which are not repayable on demand (see Note XVIII.A.)		
. not more than three months		1 233 605 729
. more than three months but not more than one year		270 869 612
. more than one year but not more than five years		26 589 722
. more than five years		6 876 828
. undated		4 739 908

**XIX. STATEMENT OF AMOUNTS OWED TO CUSTOMERS**

(in thousands of BEF)

(Liabilities heading XII.)

	1997	1998
	pro forma	
1. For the heading as a whole:		
- savings deposits	744 988 973	767 568 617
- other amounts owed:		
. repayable on demand	504 460 928	653 781 267
. with agreed maturity dates or periods of notice	1 339 687 338	1 555 049 611
. as a result of the rediscounting of trade bills	438 208	262 156
2. Geographical breakdown of amounts owed:		
- Belgium		1 873 640 486
- other countries		1 103 021 165
3. Breakdown according to remaining maturity		
. repayable on demand		871 150 122
. not more than three months		858 039 491
. more than three months but not more than one year		302 056 052
. more than one year but not more than five years		52 257 883
. more than five years		13 383 572
. undated		879 774 531

**XX. STATEMENT OF DEBTS REPRESENTED BY SECURITIES**

(in thousands of BEF)

(Liabilities heading XIII.)

Breakdown according to remaining maturity

	1998
. not more than three months	265 684 530
. more than three months but not more than one year	176 371 065
. more than one year but not more than five years	429 315 627
. more than five years	33 750 269
. undated	8 299 642

## XXI. STATEMENT OF TECHNICAL PROVISIONS AND LIABILITIES

(Liabilities headings XVI. and XX.)

(in thousands of BEF)

	1997	1998
	pro forma	
<b>a) Breakdown of liabilities heading XVI. Technical provisions</b>		
1. Provision for unearned premiums and unexpired risks	9 340 097	8 161 108
2. Life assurance provision	137 686 121	167 924 539
3. Provision for claims outstanding	74 191 408	79 647 269
4. Provision for bonuses and rebates	1 020 675	895 500
5. Equalization and catastrophe provision	2 550 530	7 581 008
6. Other technical provisions	1 808 625	1 967 995
<b>b) Breakdown of liabilities (or part thereof) with a remaining term to maturity of more than five years</b>		
NONE		
<b>c) Liabilities (or part thereof) and technical provisions (or part thereof) secured by collateral security constituted or irrevocably committed as a charge against the assets of the company</b>		
Technical provisions		14 714 282
Liabilities		
5. Other liabilities		
- Other		52 073
<b>TOTAL</b>		<b>14 766 355</b>

**XXII. DETAILS CONCERNING THE RESULTS OF THE BANKING OPERATIONS**

(in thousands of BEF)

Breakdown of the results of the banking operations by source	1997		1998	
	pro forma			
	Establishments in Belgium	Establishments abroad	Establishments in Belgium	Establishments abroad
A.1. Interest receivable and similar income	241 564 370	146 191 633	239 480 581	167 369 399
B. Income from variable-yield securities				
1. Shares and other variable-yield securities	2 156 208	316 399	2 893 410	292 483
2. Participating interests and other shares constituting financial fixed assets	950 700	930 241	766 822	106 505
C. Profit on financial transactions				
1. on the trading of securities and other financial instruments	7 587 191	1 412 592	4 631 507	823 870
2. on the disposal of investment securities	12 266 791	1 770 025	23 226 007	2 188 884
D1. Commission receivable (*)	20 043 578	9 088 495	28 293 208	14 979 735
D2. Other operating income	3 154 477	2 007 014	3 394 199	2 154 765

**Geographical breakdown of heading B. in the profit and loss account**

(Participating interests and other shares constituting financial fixed assets)

	1998
Belgium	365 212
Germany	322
France	32 386
Ireland	70 206
Italy	37 575
Luxemburg	328 101
Netherlands	3 966
Panama	1 097
Portugal	19 352
Spain	9 161
United Kingdom	5 699
Switzerland	250
	<u>873 327</u>

(\*) part of net commission income

XXIII. INFORMATION REGARDING THE TECHNICAL ACCOUNTS OF THE INSURANCE OPERATIONS

	1997 pro forma	1998		
<b>a Breakdown of the result for the financial year according to lines of business</b>				
Technical account				
Non-life	3 405 715	4 320 327		
Life	2 132 696	2 171 067		
Non-technical account	2 719 928	7 152 697		
<b>b Non-life insurance 1998</b>				
	Direct business and accepted business	Direct business		
	Total	Total	Accident & health (classes 1 & 2, excluding industrial accidents)	Industrial accidents (class 1)
1 Gross premiums	30 877 876	25 501 495	2 335 335	2 912 304
2 Gross premiums earned	32 021 716	26 954 191	2 441 696	2 907 978
3 Gross claims	22 028 758	17 272 463	1 415 918	1 619 771
4 Gross operating expenses	9 958 209	8 345 533	752 581	651 993
5 Reinsurance balance	228 834	-387 386	-64 869	-2 475
6 Commissions (art. 37)		4 450 811		
<b>c Life insurance</b>				
<b>A. Direct business</b>				
1 Gross premiums:		44 181 514		
a 1. Individual premiums:		40 890 682		
2. Premiums under group contracts:		3 290 832		
b 1. Periodic premiums:		13 265 195		
2. Single premiums:		30 916 319		
c 1. Premiums from non-bonus contracts:		11 405 183		
2. Premiums from bonus contracts:		25 887 982		
3. Premiums from contracts where the investment risk is not borne by the company:		6 888 349		
2 Reinsurance balance		29 263		
3 Commissions (Art. 37)		2 065 462		
<b>B. Accepted business</b>				
Gross premiums:		609 090		
<b>d Non-life insurance and life insurance, direct business</b>				
Gross premiums:				
- in Belgium:		68 915 555		
- in the other Member States of the European Union:		136 327		
- in other countries:		631 127		

DIRECT  
BUSINESSACCEPTED  
BUSINESS

Motor, third- party, liability (class 10)	Motor, other classes (classes 3 and 7)	Marine, Aviation, Transport (classes 4, 5, 6, 7, 11, 12)	Fire and other damage to property (classes 8 and 9)	General third- party liability (class 13)	Credit and Suretyship (classes 14 and 15)	Miscellaneous pecuniary losses (class 16)	Legal assistance (class 17)	Assistance (class 18)	
7 416 356	2 542 549	58 914	6 906 696	2 120 546	1 009	95 324	1 012 331	100 131	5 376 381
7 881 309	2 710 977	55 361	7 519 347	2 171 560	1 016	95 879	1 072 486	96 582	5 067 525
7 241 743	1 381 906	37 255	3 373 315	1 386 707	-1 037	27 564	721 880	67 441	4 756 295
2 207 747	833 146	31 571	2 674 927	798 428	148	26 176	343 651	25 165	1 612 676
74 205	-45 932	-1 776	-241 422	-26 230	0	-77 972	-915	0	616 220

## XXIV. INFORMATION REGARDING THE PERSONNEL

	(in units)
	1998
1. Average number of persons employed (in full-time equivalents):	
. Banking	22 435
. Insurance	2 496
. Other	361
Total	25 292
of which employed in Belgium	22 295

	(in thousands of BEF)
2. Staff and pension charges	
. Banking	54 339 140
. Insurance	4 687 080
. Other	959 311
Total	59 985 531



## XXV. STATEMENT OF EXTRAORDINARY RESULTS

(in thousands of BEF)

1. Breakdown of extraordinary income (profit-and-loss-account heading II.)	1997	1998
	pro forma	
A. Banking		
Breakdown, where amounts are significant:		
Gains on financial fixed assets	3 549 350	2 247 169
of which: gains resulting from the merger		1 500 000
B. Insurance		
Breakdown, where amounts are significant:		
Gains resulting from the merger		1 422 578
C. Holding activities and other specialized financial services		
Breakdown, where amounts are significant:		
Gains resulting from the merger		1 206 971
2. Breakdown of extraordinary charges (profit-and-loss-account heading III.)		
A. Banking		
Breakdown, where amounts are significant:		
Restructuring provision		3 933 448
Restructuring expenses already incurred		566 552
Adjustment of valuation rules		283 334
Write-down, Banka Haná	675 698	
B. Insurance		
Breakdown, where amounts are significant:		
Merger-related provision		584 200
Restructuring provision		500 261
Depreciation of goodwill on consolidation resulting from the merger		2 448 708

**XXVI. STATEMENT OF GUARANTEED DEBTS AND COMMITMENTS AND OTHER  
OFF-BALANCE-SHEET RIGHTS AND COMMITMENTS**

(in thousands of BEF)

**A. Collateral security constituted by the consolidated entity or irrevocably committed as a charge against its own assets**

	Pledges in respect of other assets (* )
a) As security for debts and commitments of the consolidated entity	
1. Liabilities headings	
Discounting, repurchase agreements and secured advances	265 255 564
Fixed pledge in respect of National Bank advances	4 250 000
Fixed pledge in respect of European Investment Bank credit facility	18 858 000
Asset pledge requirement KBC New York	5 013 375
Other	50 872
Activities with the BNB and the Luxemburg Central Bank	3 985 000
Securities lending	29 000
Activities with the Swiss National Bank	101 000
2. Off-balance-sheet headings	
Margin for futures transactions	2 010 000
Margin for options	4 000 000
Securities lending	129 105
Mandatory guarantees, industrial accident	353 327
Other	5 250
b) As security for debts and commitments of third parties	
1. Liabilities headings	
Miscellaneous	3 372 908
2. Off-balance-sheet headings	
Options transactions	15 000

(\* ) Carrying value of the assets pledged

**XXVI. STATEMENT OF GUARANTEED DEBTS AND COMMITMENTS AND OTHER  
OFF-BALANCE-SHEET RIGHTS AND COMMITMENTS (continuation)**

(in thousands of BEF)

**B. Other off-balance-sheet rights and commitments**

	1998
a) Personal guarantees given or irrevocably promised by the enterprises included in the consolidation as guarantee for third-party liabilities or commitments	0
b) Significant commitments to purchase fixed assets	
- written put options	312 097
Significant commitments to sell fixed assets	
- options on leasing contracts	12 065
- written call options	567 002
c) Significant pending disputes and other major commitments	
- In case the Gevaert Group should sell, in total or partly, its participating interest in Philipp Holzmann AG prior to 31 January 2001, a part of the eventual gain must be ceded to third parties.	
- Almanij has guaranteed the financial obligations of its subsidiary Almafin NV, arising from an inflation swap agreement, whereby the inflation part of the rental income is swapped against a fixed inflation. As a collateral, the inflation part of the rental income has been pledged to Almanij.	
- Unexercised warrant rights to subscribe to 20 000 000 shares of KBC Bank and Insurance Holding Company NV up to and including 30 June 2001, incorporated into the assets for a nominal amount of one Belgian franc.	
- Gevaert shareholders holding put warrants may exercise all or some of their put warrants:	
- during the period from 25 September 2000 until 9 October 2000	
- at a ratio of 1 Almanij put warrant plus 1 Gevaert share for 1 Almanij share.	
d) Retirement and survival pension commitments to staff and managers, borne by the enterprises included in the consolidation.	
- In a large number of consolidated companies, the staff are assured a supplementary retirement and survival pension, whether or not financed with an autonomous pension fund.	

## XXVII. STATEMENT OF THE OFF-BALANCE-SHEET HEADINGS FOR THE BANKING OPERATIONS

(in thousands of BEF)

	1997	1998
	pro forma	
<b>I. Contingent liabilities</b>	345 434 019	428 728 104
A. Non-negotiated acceptances	6 771 890	2 968 663
B. Guarantees in the nature of direct credit substitutes	161 698 180	192 964 418
C. Other guarantees	148 116 815	206 725 012
D. Documentary credits	27 354 873	22 682 103
E. Assets charged as collateral security on behalf of third parties	1 492 261	3 387 908
<b>II. Commitments carrying a potential credit risk</b>	1 311 794 103	1 653 377 055
A. Firm credit commitments	109 780 587	125 702 086
B. Commitments arising out of spot purchases of securities	42 062 864	10 264 841
C. Undrawn margin on confirmed credit lines	1 154 448 075	1 513 372 644
D. Underwriting and placing commitments	5 502 577	4 037 484
<b>III. Assets lodged with the companies included in the consolidation</b>	2 175 509 753	3 096 548 409
A. Assets held for fiduciary purposes	135 631 586	141 251 701
B. Open custody and equivalent items	2 039 878 167	2 955 296 708
<b>IV. Uncalled share capital</b>	1 866 213	2 053 308

**XXVIII. STATEMENT OF FORWARD OFF-BALANCE-SHEET TRANSACTIONS IN SECURITIES,  
FOREIGN CURRENCIES AND OTHER FINANCIAL INSTRUMENTS NOT INVOLVING  
COMMITMENTS CARRYING A POTENTIAL CREDIT RISK IN THE SENSE OF  
OFF-BALANCE-SHEET HEADING II. (see Note XXVII.)**

(in thousands of BEF)

**A. Banking**

- a) Amounts for delivery
- b) Nominal/contract amount
- c) Buying/selling price agreed between the parties

Type of transaction	Amount at closing of the books	Of which transactions not intended as hedges
1. In securities		
- forward purchases and sales of securities	21 202 972	6 777 893
2. In foreign currency (a)		
- forward foreign exchange operations	9 717 700 038	6 271 446 860
- currency and interest rate swaps	435 778 859	241 213 578
- currency futures	85 946	0
- currency options	279 444 427	262 534 376
3. In other financial instruments		
1. Forward interest rate operations (b)		
- interest rate swap agreements	10 998 061 442	9 080 487 690
- interest rate futures	1 657 363 420	924 343 505
- forward rate agreements	2 308 993 271	2 091 598 176
- interest rate options	974 734 818	756 943 250
2. Other forward purchases and sales (c)		
- other options transactions	749 919 902	694 632 417
- other futures transactions	28 694 879	28 694 879
- other forward purchases and sales	149 119 673	10 297 939

(in thousands of BEF)

Calculation in the Notes to the accounts of the impact on the results of the derogation from the valuation rule laid down in Article 36, bis, § 2, regarding forward interest rate operations

Categories of forward interest rate operations	Amount at closing of the books	Difference between market value and carrying value
a) within the framework of cash management	6 539 715	-15 993
b) within the framework of ALM	10 156 164 971	634 981

## B. Insurance

b) Nominal/contract amount

Type of transaction	Amount at closing of the books	Of which transactions not intended as hedges
1. In securities		
- forward purchases and sales of securities	5 246 419	0
3. In other financial instruments		
1. Forward interest rate operations (b)		
- interest rate swap agreements	100 000	0

**XXIX. RELATIONSHIPS WITH AFFILIATED COMPANIES AND WITH COMPANIES LINKED BY PARTICIPATING INTERESTS WHICH ARE NOT INCLUDED IN THE CONSOLIDATION OR ELIMINATED**

		(in thousands of BEF)	
		Between the banking activities, the insurance activities and the holding company	
		1997	1998
		pro forma	
<b>ASSETS</b>			
Banking			
I	Loans and advances to credit institutions		
II	Loans and advances to customers	67 915	26 383 882
III	Securities		
	A. Fixed-income		
IV	Financial fixed assets	430 000	530 000
VII	Other assets		51 385
Insurance			
IX	Investments	551 705	4 617 754
XII	Debtors	1 123 881	
XIII	Other assets		3 184 010
Holding activities and other specialized financial services			
XV	Financial fixed assets		
XVI	Investments and cash at bank and in hand		15 819 096
XVII	Other assets		2 169 110
<b>LIABILITIES</b>			
IX	Subordinated liabilities	775 075	1 852 149
<b>Provisions and creditors</b>			
Banking			
XI	Amounts owed to credit institutions		
XII	Amounts owed to customers	1 123 881	24 280 827
XIII	Debts represented by securities	206 630	
XV	Other liabilities		186 995
Insurance			
XX	Other liabilities	67 915	2 247 401
Holding activities and other specialized financial services			
XXI	Financial liabilities		24 113 730
XXIII	Other liabilities		74 135
<b>OFF-BALANCE-SHEET HEADINGS FOR THE BANKING OPERATIONS</b>			
I	Contingent liabilities		
II	Commitments carrying a potential credit risk		
<b>PROFIT AND LOSS ACCOUNT</b>			
Banking			
C	Net commissions	1 287 077	1 799 721

(in thousands of BEF)

Other affiliated companies

		1997 pro forma	1998
<b>ASSETS</b>			
Banking			
I	Loans and advances to credit institutions	70 497 576	28 964 984
II	Loans and advances to customers	2 116 861	4 351 811
III	Securities		
	A. Fixed-income	1 727 226	472 674
IV	Financial fixed assets		
VII	Other assets	1 538 662	2 441 109
Insurance			
IX	Investments		27 584
XII	Debtors	142 762	575 680
XIII	Other assets		
Holding activities and other specialized financial services			
XV	Financial fixed assets	7 422 505	114 483
XVI	Investments and cash at bank and in hand	592 833	2 988 444
XVII	Other assets		
<b>LIABILITIES</b>			
IX	Subordinated liabilities	124 956	3 332 409
<b>Provisions and creditors</b>			
Banking			
XI	Amounts owed to credit institutions	66 980 034	68 005 325
XII	Amounts owed to customers	7 397 036	11 394 809
XIII	Debts represented by securities		14 198 825
XV	Other liabilities		
Insurance			
XX	Other liabilities	56 905	157 315
Holding activities and other specialized financial services			
XXI	Financial liabilities	5 829 506	1 218 672
XXIII	Other liabilities	132	4 401 661
<b>OFF-BALANCE-SHEET HEADINGS FOR THE BANKING OPERATIONS</b>			
I	Contingent liabilities	3 207 000	3 112 000
II	Commitments carrying a potential credit risk	2 173 126	1 283 000
<b>PROFIT AND LOSS ACCOUNT</b>			
Banking			
C	Net commissions		



		(in thousands of BEF)	
		1997	1998
		pro forma	Companies linked by participating interests
<b>ASSETS</b>			
Banking			
I	Loans and advances to credit institutions	19 192 133	5 185 107
II	Loans and advances to customers	2 618 867	4 069 929
III	Securities		
	A. Fixed-income	53 460	
IV	Financial fixed assets	2 803 915	3 024 589
VII	Other assets		
Insurance			
IX	Investments	464 219	
XII	Debtors	54 697	6 509
XIII	Other assets		
Holding activities and other specialized financial services			
XV	Financial fixed assets	1 520 692	1 566 172
XVI	Investments and cash at bank and in hand		
XVII	Other assets		
<b>LIABILITIES</b>			
IX	Subordinated liabilities		
<b>Provisions and creditors</b>			
Banking			
XI	Amounts owed to credit institutions	3 755 645	5 072 337
XII	Amounts owed to customers	1 536 951	6 088 442
XIII	Debts represented by securities		
XV	Other liabilities		
Insurance			
XX	Other liabilities	276 437	34 859
Holding activities and other specialized financial services			
XXI	Financial liabilities		
XXIII	Other liabilities		
<b>OFF-BALANCE-SHEET HEADINGS FOR THE BANKING OPERATIONS</b>			
I	Contingent liabilities	5 268 884	2 235 162
II	Commitments carrying a potential credit risk	958 301	922 763
<b>PROFIT AND LOSS ACCOUNT</b>			
Banking			
C	Net commissions		

**XXX. FINANCIAL RELATIONSHIPS WITH DIRECTORS AND PARTNERS**

(in thousands of BEF)

1998

A. Amount of remuneration to directors or partners of the consolidating company on the basis of their activity in that company, its subsidiaries and associated companies, including the amount in respect of retirement pensions granted to former directors or partners on that basis	165 954
B. Advances and loans granted to the directors and partners referred to under A. above.	55 019

**XXXI. STATEMENT OF OWN SHARES HELD**

(in thousands of BEF)

Shares held in the capital of the consolidating company by the companies included in the consolidation (Art. 54, par. 2, Royal Decree of 6 March 1990)

Held in the portfolio of:	Number	% of issued shares	Carrying value
Kredietcorp SA	172 653	0.09	127 111
Gevaert NV	22 361	0.01	30 224
Centea NV	96 308	0.05	32 550
KB RE SA	148 402	0.08	104 346
Assurisk	67 281	0.03	69 669
Maatschappij voor Brandherverzekering SC	213	0.00	353
Secura NV	76 310	0.04	113 266
Delphi NV	55 958	0.03	48 385
Fidea NV	46 716	0.02	142 343
KBC Insurance NV	8 194 230	4.22	6 511 659
CBC Banque SA	13 536	0.01	14 374
KBC - Petercam Derivatives NV	191 515	0.10	555 393
KBC Securities NV	48 740	0.03	141 346

**XXXII. UNCALLED AMOUNTS ON PARTICIPATING INTERESTS AND SHARES**

(in thousands of BEF)

Name	Affiliated companies	Companies linked by participating interests	Other	Total
<b>Banking:</b>				
Gemma Frisius-Fonds K.U. Leuven NV	15 000			
IT-Partners NV	225 000			
Resiterra NV	15 000			
Immo Lux-Airport NV	1 998			
HWI NV		157 821		
Secretariaat voor Roerende Waarden CV		91		
B. EPSYS SV		600		
BEM NV		11 250		
Rendex NV		31 250		
Wendelen - Fonds NV		7 500		
African Export - Import Bank NV			20 745	
Bit - Lar NV			8	
Boulevard Phériphérique de Lyon			25	
European Investment Fund			129 088	
Euro Synergies Investiments SV			89 373	
Telenet Holding NV			241 800	
IDETA SC			45	
Aquaplus			1 836	
Aquafin			261 875	
Patria Finance A.S.	41 063			
Urquijo Ltd., Gran Cayman	22 154			
Fonds Européen d'Investissement		129 088		
Mercapital		36 852		
Soc. Fidéjus Sviluppo Economia Ticinese		753		
TVM GmbH		967		
TVM LP		1 881		
BC European Capital			185 564	
Close Investment Fund Ltd.			195 364	
Investco midEurope A.S.			1 723	

Name	Affiliated companies	Companies linked by participating interests	Other	Total
Soc. Cent. For Medical Innovation			24 780	
Soc. Co. Don GmbH			13 479	
TVM III			70 864	
TVM III-2			61 753	
TVM Medic. Ventures			56 720	
<b>Total</b>	<b>320 215</b>	<b>378 053</b>	<b>1 355 042</b>	<b>2 053 310</b>
<b>Insurance:</b>				
BEM NV		11 250		
Gemeenschap. Motorwaarborgfonds			60	
Huis der Verzekering CV			2 396	
Premaz CV		100		
Telenet Holding NV			119 795	
<b>Total</b>		<b>11 350</b>	<b>122 251</b>	<b>133 601</b>
<b>Holding activities and other specialized financial services:</b>				
BCEP VI			74 787	
BCEP V			6 412	
Boston Millennia			548 580	
Telenet Holding NV			120 899	
Uitgeversbedrijf Tijd			1 798	
Investco midEurope A.S.	2 855			
Gemma - Frisiusfonds KU Leuven NV	15 000			
Wendelen Fonds NV	7 500			
<b>Total</b>	<b>25 355</b>	<b>0</b>	<b>752 476</b>	<b>777 831</b>

	<u>Total</u>	<u>Banking</u>	<u>Insurance</u>	<u>Holding act. and other specialized financial services</u>
<b>Cash flow from financing activities (3)</b>	<b>-38 908</b>	<b>-32 895</b>	<b>-6</b>	<b>-6 007</b>
Issue of subordinated bonds	47 170	47 070	100	
Repayment of subordinated bonds	-15 383	-15 333	-50	
Issue of unsubordinated bonds	12 550	12 550		
Repayment of unsubordinated bonds	-74 822	-74 822		
Proceeds of issue of new shares	2 038			2 038
Dividends paid by the consolidating company	-7 576			-7 576
Net financing by third parties	-2 885	-2 360	-56	-469
<b>Net increase of cash and cash equivalents (1)+(2)+(3)</b>	<b>46 360</b>	<b>26 196</b>	<b>129</b>	<b>20 035</b>
Cash and cash equivalents at the beginning of the financial year	279 754	272 782	1 732	5 240
Cash and cash equivalents at the end of the financial year	326 114	298 978	1 861	25 275

## CASH FLOW STATEMENT 1998

(in millions of BEF)

The statement hereunder provides an overview of the flows in the Group's cash and cash equivalents and shows how they were generated and used classified according to operating, investing and financing activities.

The cash flow from operating activities is presented according to the indirect method, meaning that the cash flow is determined by adjusting net profit for the effects of operations with no monetary character.

The cash flows for the financial year 1998 have been analysed starting from the pro forma figures as of 31 December 1997.

	<u>Total</u>	<u>Banking</u>	<u>Insurance</u>	<u>Holding act. and other specialized financial services</u>
<b>Cash flow from operating activities (1)</b>	<b>101 298</b>	<b>85 283</b>	<b>4 281</b>	<b>11 734</b>
<u>Cash flow from consolidated profit</u>	<u>80 122</u>	<u>40 473</u>	<u>37 098</u>	<u>2 551</u>
Consolidated profit - Group share	36 112	18 363	6 551	11 198
Consolidated profit - Third-party share	17 649	10 980	3 113	3 556
Net write-downs (incl. net allocation FGBR)	20 658	19 054	1 295	309
Net depreciation on fixed assets	14 093	10 313	3 129	651
Net gains on the sale of investment securities	-54 383	-25 415	-15 878	-13 090
Net change in provisions	10 114	7 178	2 936	
Net change in non-life insurance provisions	7 904		7 904	
Net change in life insurance provisions	28 048		28 048	
Director's emoluments	-73			-73
<u>Cash flow from investment securities</u>	<u>-131 032</u>	<u>-83 856</u>	<u>-43 716</u>	<u>-3 460</u>
Acquisitions	-1 289 753	-1 180 600	-96 900	-12 253
Sales	1 158 721	1 096 744	53 184	8 793
<u>Change in working capital requirement</u>	<u>152 208</u>	<u>128 666</u>	<u>10 899</u>	<u>12 643</u>
<b>Cash flow from investing activities (2)</b>	<b>-16 030</b>	<b>-26 192</b>	<b>-4 146</b>	<b>14 308</b>
Acquisitions of financial fixed assets	-56 731	-47 749		-8 982
Sales of financial fixed assets	65 266	40 259		25 007
Acquisitions of (in)tangible fixed assets	-26 789	-20 681	-4 362	-1 746
Sales of in(tangible) fixed assets	2 224	1 979	216	29

## AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

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

We have audited the consolidated financial statements for the year ended December 31, 1998 with a balance sheet total of 6 853 133 161 (000) BEF and a consolidated profit for the year of 53 761 471 (000) BEF. These consolidated financial statements have been prepared under the responsibility of the board of Directors of the Company. In addition we have reviewed the director's report.

### Unqualified audit opinion on the consolidated financial statements

Our audit was performed in accordance with the standards of the Institut des Reviseurs d'Entreprises-Instituut der Bedrijfsrevisoren. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the Belgian legal and regulatory requirements relating to the consolidated financial statements.

In accordance with these standards we have considered the administrative and accounting organisation of the Group as well as the system of internal control. The Group's management have provided us with all explanations and informations which we required for our audit. We have examined on a test basis, the evidence supporting the amounts included in the consolidated financial statements.

We have assessed the accounting policies used, the significant accounting estimates made by the Company and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of Almanij NV for the year ended December 31, 1998 present fairly the financial position of the Group and the results of its operations, in conformity with the prevailing legal and regulatory requirements, and the disclosures made in the notes to the accounts are adequate.

### Additional assertions

The following supplementary assertions are provided in addition to our report. These assertions do not alter our audit opinion on the financial statements of the year ended 1998.

- The consolidated directors' report contains the information required by law and is in accordance with the consolidated financial statements.
- The present report does not cover the pro forma comparative figures for 1997.

*Antwerp, April 27, 1999.*

B.C.V. KLYNVELD PEAT MARWICK GOERDELER  
BEDRIJFSREVISOREN  
represented by Pierre P. Berger and Luc Van Couter

B.C.V. PRICEWATERHOUSECOOPERS  
BEDRIJFSREVISOREN  
represented by Marcel Bellen and Felix Hendrickx







NON-CONSOLIDATED  
BALANCE SHEET  
AND PROFIT AND LOSS  
ACCOUNT AS AT  
31 DECEMBER 1998

**NON - CONSOLIDATED BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT AS AT  
31 DECEMBER 1998**

The company annual accounts of Almanij NV are presented below in abridged form.

As required by law, the statutory annual accounts, the report of the Board of Directors and the Statutory Auditors' report are filed with the National Bank of Belgium.

These documents are available on request from Almanij NV, Schoenmarkt 33, B- 2000 Antwerp.

The Statutory Auditors have delivered an unqualified audit opinion regarding the statutory annual accounts of Almanij NV.

**1. NON-CONSOLIDATED BALANCE SHEET AFTER PROFIT APPROPRIATION**

	31/12/1997	31/12/1998	31/12/1997	31/12/1998
	(in thousands of BEF)		(in thousands of EUR)	
<b>ASSETS</b>				
<b>Fixed Assets</b>	<b>47 929 204</b>	<b>120 465 671</b>	<b>1 188 134</b>	<b>2 986 266</b>
I. Formation expenses	89 748	0	2 225	0
II. Intangible fixed assets	420	210	10	5
III. Tangible fixed assets	1 531	927	38	23
C. Furniture and vehicles	1 531	927	38	23
IV. Financial fixed assets	47 837 505	120 464 534	1 185 861	2 986 238
A. Affiliated enterprises	31 495 102	119 452 600	780 743	2 961 153
1. Participating interests	28 995 102	112 385 984	718 770	2 785 976
2. Amounts receivable	2 500 000	7 066 616	61 973	175 177
B. Enterprises linked by participation interests	15 253 999	45 682	378 137	1 132
1. Participating interests	11 686 253	44 552	289 695	1 104
2. Amounts receivable	3 567 746	1 130	88 442	28
C. Other financial fixed assets	1 088 404	966 252	26 981	23 953
1. Shares	1 088 264	966 112	26 977	23 949
2. Amounts receivable	140	140	4	4
<b>Current Assets</b>	<b>3 432 486</b>	<b>10 347 683</b>	<b>85 089</b>	<b>256 512</b>
VII. Amounts receivable within one year	15 766	175 759	391	4 357
A. Trade debtors	60	4	2	0
B. Other amounts receivable	15 706	175 755	389	4 357
VIII. Investments	3 319 156	9 790 540	82 280	242 701
B. Other investments and deposits	3 319 156	9 790 540	82 280	242 701
IX. Cash at bank and in hand	31 040	329 596	769	8 170
X. Deferred charges and accrued income	66 524	51 788	1 649	1 284
<b>TOTAL ASSETS</b>	<b>51 361 690</b>	<b>130 813 354</b>	<b>1 273 223</b>	<b>3 242 778</b>

	31/12/1997	31/12/1998	31/12/1997	31/12/1998
	(in thousands of BEF)		(in thousands of EUR)	
<b>LIABILITIES</b>				
<b>Capital and reserves</b>	<b>41 116 039</b>	<b>116 285 795</b>	<b>1 019 240</b>	<b>2 882 649</b>
I. Capital	8 889 492	25 040 378	220 365	620 735
A. Issued capital	8 889 492	25 040 378	220 365	620 735
II. Share premium account	27 838 532	77 135 438	690 099	1 912 137
III. Revaluation reserve	18 489	18 489	458	458
IV. Reserves	4 053 949	13 724 246	100 495	340 215
A. Legal reserve	888 949	1 759 246	22 037	43 610
D. Reserves available for distribution	3 165 000	11 965 000	78 458	296 605
V. Profit carried forward	315 577	367 244	7 823	9 104
<b>Creditors</b>	<b>10 245 651</b>	<b>14 527 559</b>	<b>253 983</b>	<b>360 129</b>
VIII. Amounts payable after one year	6 600 000	5 100 000	163 610	126 426
A. Financial debts	6 600 000	5 100 000	163 610	126 426
5. Other loans	6 600 000	5 100 000	163 610	126 426
IX. Amounts payable within one year	3 470 947	9 283 125	86 042	230 123
A. Current portion of amounts payable after one year	300 000	1 500 000	7 437	37 184
C. Trade debts	2 832	2 217	70	55
E. Taxes, remuneration, and social security	1 432	1 542	35	38
1. Taxes	18	0	0	0
2. Remuneration and social security	1 414	1 542	35	38
F. Other amounts payable	3 166 683	7 779 366	78 500	192 846
X. Accrued charges and deferred income	174 704	144 434	4 331	3 580
<b>TOTAL LIABILITIES</b>	<b>51 361 690</b>	<b>130 813 354</b>	<b>1 273 223</b>	<b>3 242 778</b>

## 2. NON-CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31/12/1997	31/12/1998	31/12/1997	31/12/1998
	(in thousands of BEF)		(in thousands of EUR)	
<b>CHARGES</b>				
A. Interest and other debt charges	451 414	438 258	11 190	10 864
B. Other financial charges	18 057	13 302	448	330
C. Services and other goods	191 728	166 164	4 753	4 119
D. Remuneration, social security costs	11 366	11 955	282	296
F. Depreciation and write-downs on formation expenses, tangible and intangible fixed assets	50 186	48 699	1 244	1 207
G. Write-downs	0	353	0	9
2. on current assets	0	353	0	9
J. Extraordinary charges	0	51 617	0	1 280
K. Income taxes	21 075	82 220	522	2 038
L. Profit for the period	3 463 617	17 369 091	85 861	430 569
<b>TOTAL</b>	<b>4 207 443</b>	<b>18 181 659</b>	<b>104 300</b>	<b>450 712</b>
N. Profit of the period available for appropriation	3 463 617	17 369 091	85 861	430 569

	31/12/1997	31/12/1998	31/12/1997	31/12/1998
	(in thousands of BEF)		(in thousands of EUR)	
<b>INCOME</b>				
A. Income from financial fixed assets	3 514 091	3 871 373	87 112	95 969
1. Dividends	3 093 333	3 428 782	76 682	84 997
2. Interests	420 758	442 591	10 430	10 972
B. Income from current assets	131 535	254 952	3 261	6 320
C. Other financial income	136 569	93 842	3 385	2 326
D. Income from services provided	11 419	15 956	283	396
E. Other operating income	33	32	1	1
I. Gains on disposal	413 796	13 942 668	10 258	345 630
2. of financial fixed assets	413 796	13 941 440	10 258	345 599
3. of current assets	0	1 228	0	31
K. Adjustment of income taxes and write-back of tax provisions	0	2 836	0	70
<b>TOTAL</b>	<b>4 207 443</b>	<b>18 181 659</b>	<b>104 300</b>	<b>450 712</b>

	31/12/1997	31/12/1998	31/12/1997	31/12/1998
	( in thousands of BEF)		( in thousands of EUR)	
<b>APPROPRIATION ACCOUNT</b>				
A. Profit to be appropriated	3 834 541	17 684 668	95 056	438 392
1. Profit for the period available for appropriation	3 463 617	17 369 091	85 861	430 569
2. Profit brought forward	370 924	315 577	9 195	7 823
C. Appropriations to capital and reserves	-382 468	-9 668 455	-9 481	-239 675
2. To the legal reserve	282 468	868 455	7 002	21 529
3. To other reserves	100 000	8 800 000	2 479	218 146
D. Results to be carried forward	-315 577	-367 244	-7 823	-9 104
1. Profit to be carried forward	315 577	367 244	7 823	9 104
F. Distribution of profit	-3 136 496	-7 648 969	-77 752	-189 613
1. Dividends	3 067 746	7 576 469	76 048	187 816
2. Directors' entitlements	68 750	72 500	1 704	1 797



GENERAL  
INFORMATION

ANNALS

## FINANCIAL CALENDAR

Last day for depositing shares before the Annual General Meeting of Shareholders (1998 financial year)	26 May 1999
Annual General Meeting of Shareholders (1998 financial year)	2 June 1999
Extraordinary General Meeting	2 June 1999
Cash payment of dividend coupon number 3 for the 1998 financial year	11 June 1999
Ex-coupon quotation	11 June 1999
Publication of results for the first six months of 1999	16 September 1999 (after closure of the stock market)
Publication of results for the 1999 financial year	second half of March 2000
Last day for depositing shares before the Annual General Meeting of Shareholders (1999 financial year)	31 May 2000
Annual General Meeting of Shareholders (1999 financial year)	7 June 2000



## U S E F U L I N F O R M A T I O N

### **Name of the company**

ALMANIJ (Algemene Maatschappij voor  
Nijverheidskrediet)

### **Registered Office**

Registered Office:  
Schoenmarkt 33  
B-2000 Antwerpen

Offices:

Snydershuis  
Keizerstraat 8  
B-2000 Antwerpen

### **Date of incorporation**

Almanij was incorporated on 9 November 1931 by deed executed before Maître Hubert Scheyven, notary-public at Brussels, and published in the Appendices to the Belgian Official Gazette of 2 December 1931 under No. 15695.

### **Legal form**

The company has the legal form of a “Naamloze vennootschap” (public limited company) under Belgian law.

### **Life**

Indefinite.

### **Trade register and VAT Nos.**

The company is registered in the Antwerp Trade Register under No. 182.376 and is liable for VAT under No. 403.211.479.

### **Object**

The company has as object to acquire and to hold, both in Belgium and abroad and in no matter what form, participations in existing companies and companies yet to be established, which participations it may manage, realize and valorize, among other things by involvement in the management and supervision of the companies in which it participates, and by provision to these companies of technical, administrative and financial support. The objective of the company is to stimulate, plan and co-ordinate the further favourable development of the companies in which it participates.

Moreover, within the framework of its cash management, the company shall be entitled, directly or via establishments in Belgium or abroad, to acquire or sell financial assets, engage in securities trading and foreign exchange transactions, and involve itself in the acquisition and placing of all types of shares, bonds and securities.

Furthermore, the company shall be entitled to perform all acts which can contribute directly or indirectly to the implementation of its object in the widest sense.

### **Share capital**

The issued share capital amounts to 25 040 378 298 BEF, represented by 194 268 430 shares of no par value.

The share capital is fully paid up.

The Board of Directors may make use of its authority to increase capital by an amount of 24.4 billion BEF until 25 June 2003.

A motion will be placed before the Extraordinary General Meeting on 2 June 1999 to convert the share capital into euros, to extend the authority of the Board of Directors to increase the share capital for a period of five years and to increase and convert into euros the amount to which the capital can be increased.

### **Auditors**

In accordance with Company Law, the following Board of Auditors was appointed:

B.C.V. Klynveld Peat Marwick Goerdeler

Bedrijfsrevisoren

Spoorweglaan 3

B-2610 Wilrijk

represented by Messrs. Pierre P. Berger and Luc Van Couter

and

B.C.V. PricewaterhouseCoopers

Bedrijfsrevisoren

Generaal Lemanstraat 67

B-2018 Antwerpen

represented by Messrs. Marcel Bellen and Felix Hendrickx.

### **Annual General Meeting of Shareholders**

The Annual General Meeting is held at 11:00 a.m. on the first Wednesday of June each year or, if that day is a legal holiday, on the last business day immediately preceding, at the registered office of the company or elsewhere, as indicated in the convening notice.

To be admitted to the General Meeting, holders of bearer shares or bonds must deposit these securities at least five business days prior to the meeting at the registered office of the company or elsewhere, as indicated in the convening notice. The holders of registered shares or bonds are likewise required to notify the company in writing at its registered office and within the same time constraints of their intention to attend the General Meeting.

Bondholders are entitled to attend the General Meeting, but they have only advisory voting capacity.

### **Stock exchange listing**

The ordinary shares are listed on the forward market on the Brussels Stock Exchange under ISIN code BE0003703171.

The VVPR strips are listed on the forward market on the Brussels Stock Exchange under ISIN code BE0005530010.

### **Information**

Information on ALMANIJ GROUP's strategy and results are obtainable from:

ALMANIJ NV

Financial Communication

Snydershuis

Keizerstraat 8

B-2000 Antwerp

Tel.: 32 (0)3 2342997

Fax.: 32 (0)3 2314409

E-mail: [almanij@planetinternet.be](mailto:almanij@planetinternet.be)

ALMANIJ's annual report, which is published in Dutch, French and English, is obtainable from:

ALMANIJ NV

Snydershuis

Keizerstraat 8

B-2000 Antwerpen

The annual report of KBC BANK AND INSURANCE HOLDING COMPANY is obtainable from:

KBC BANKVERZEKERINGSHOLDING NV

Corporate Communication Division

Havenlaan 2

B-1080 Brussels

The annual report of KREDIETBANK SA LUXEMBOURGEOISE is obtainable from:

KREDIETBANK SA LUXEMBOURGEOISE  
Service Documentation  
43 Boulevard Royal  
L-2955 Luxembourg

The annual report of GEVAERT is obtainable from:

GEVAERT NV  
Septestraat 27  
B-2640 Mortsel

**Locations where the ALMANIJ documents which are open to public inspection may be consulted**

The Articles of Association of the company are open to public inspection at the Registry of the Antwerp Commercial Court.

The annual accounts and auditors' reports are filed with the National Bank of Belgium.

Decisions concerning the appointment and dismissal of members of the Board of Directors are published in the 'Appendices to the Belgian Official Gazette'.

Financial reports on the company are also published in the financial press, in newspapers and periodicals.

Notices convening of General Meetings of Shareholders are published in the 'Belgian Official Gazette' and the financial press.

Copies of the company's annual reports are available at its registered office. They are forwarded annually to the holders of registered shares and to those who have applied for a copy.