

# 2008

## **BORROWING REQUIREMENTS AND FUNDING PLAN**

**KINGDOM OF BELGIUM**

1. The 2008 Gross Borrowing Requirements
2. The 2008 Funding Plan
3. Funding Strategy
4. Debt Management Strategy

## 1. The 2008 Gross Borrowing requirements

---

The Treasury expects its 2008 gross borrowing requirements to amount to **€32.99 billion**. This represents an increase of €3.37 billion compared to the estimated 2007 borrowing requirements (€29.62 billion).

In establishing this estimate, the Treasury assumed a **2008 cash budget deficit** of **€3.00 billion**. The figure is comparable to the 2007 cash budget deficit in the strict sense, and it is a reasonable assumption in the absence of an approved government budget for 2008.

The financing requirements are, as usual, mainly driven by the redemptions of medium- and long-term debt. These redemptions will be particularly elevated in 2008 (€26.49 billion).

The Treasury also plans to **buy back** bonds maturing in 2009 (or later) for an amount of **€3.50 billion**.

## 2. The 2008 Funding Plan

---

The Belgian Debt Agency plans to issue **€29.60 billion** of medium- and long-term instruments.

**OLO issuance** is expected to amount to **€27.00 billion**, slightly less than the amount of €27.88 billion issued in 2007. It is likely that three new OLO benchmarks will be issued, and that only one auction will be replaced by a new issue.

Instruments for private investors are expected to provide for €0.60 billion of funding.

The Treasury also plans to issue up to **€2.00 billion** in **foreign currencies** (to be swapped immediately to euro) and/or in the form of **structured products**.

**As for short-term funding**, the outstanding amount of **Treasury Certificates** is expected to stabilise over the year. Short-term foreign currency debt would also not evolve during 2008.

Finally, the Treasury's would **reduce its financial deposits** built up during 2007 with an amount of **€3.50 billion**.

### 3. 2008 FUNDING STRATEGY

---

The main features of the forecasted issuance strategy in 2008 are:

- the launch of **new benchmarks with a tenor of 5 year or more through syndications**
- **increasing the size** of the benchmarks through **auctions**
- **the implementation of an EMTN-program for foreign currency and structured products issuance**
- the extension of the **bond OTC buy back program** to OLO 3.75% 28 March 09 (OLO 292 or OLO 32). This program could be further extended to also include longer dated maturities.
- **a TC issuance calendar** consisting of a schedule where 2 auctions are held per month.

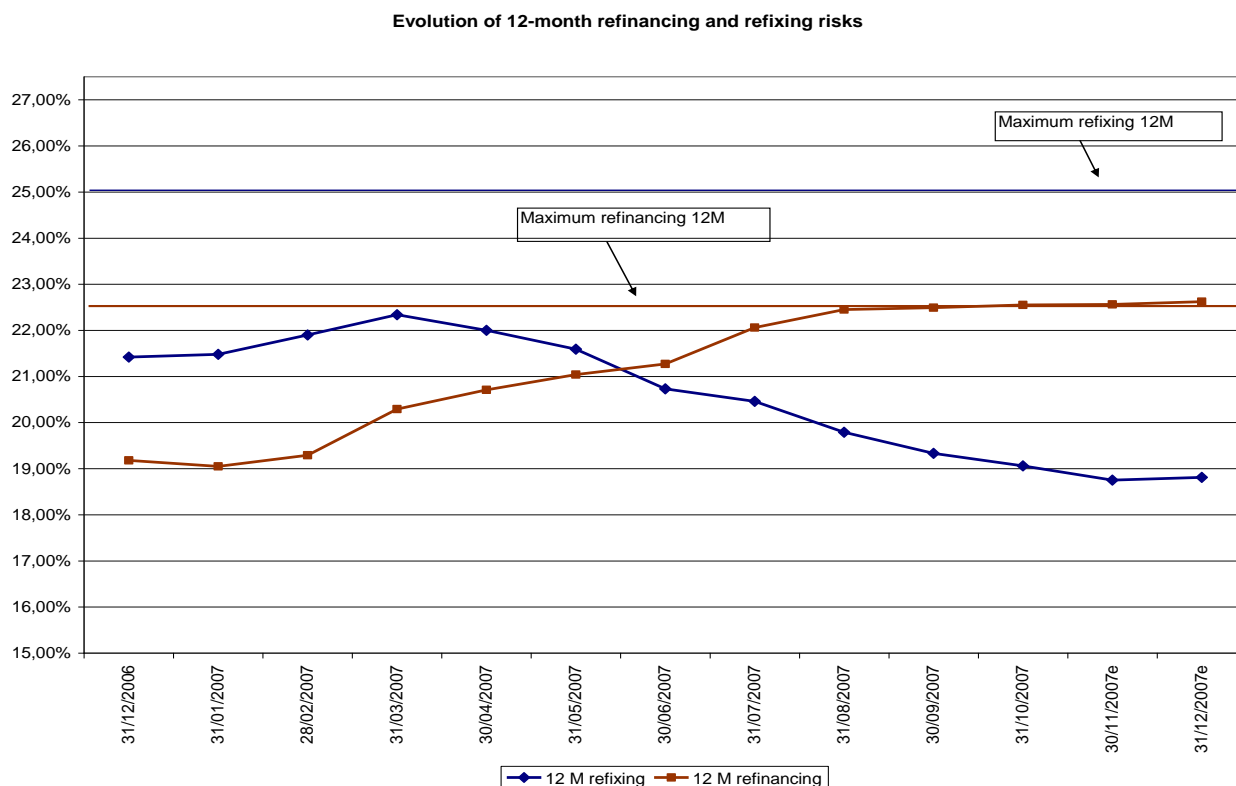
The main difference with the strategy that has been followed in recent years is the implementation of an **EMTN-program**.

The diversification strategy is based upon cost considerations. In 2008, the Treasury wants to diversify its issuance in order to meet the increased financing needs. The diversification may continue in subsequent years, depending on the reduction of debt service costs that can be achieved.

Yet the Treasury will in all circumstances preserve the liquidity of its traditional products.

## 4. 2008 DEBT MANAGEMENT STRATEGY

In the course of 2007, the 12-month refinancing and refixing risks evolved as follows:



The maximum limits for the **12-month refinancing risks** (22.50%) and the **12-month refixing risk** (25.00%) will be **maintained** throughout 2008.

Relatively limited redemptions in 2009 will lead to 12-month refinancing risks that will decrease from their current elevated levels.

The 12-month refixing risk is currently low compared to its maximum value. The Treasury will manage this risk according to its interest rate outlook.

Turning to medium-term risks, both the 60-month refinancing risk (estimated value 31/12/07: 51.87%) and the 60-month refixing risk (estimated value 31/12/07: 54.01%) are well below their respective maxima of 60.00% and 65.00%.

In 2008, these maximum values will be maintained. The medium-term refinancing risk will anyway remain below its maximum. As for the medium-term refixing risk, the Treasury's interest rate outlook will determine its evolution.

<b>Annex 2:</b>	<b>Treasury</b>	<b>Certificate</b>	<b>Auction Calendar</b>		
<b>Auction</b>	<b>Settlement</b>	<b>Code ISIN</b>	<b>Maturity</b>		
			<b>3 month</b>	<b>6 month</b>	<b>12 month</b>
08/01/2008	10/01/2008	BE 0 312630 96/6 BE 0 312632 01/2	17/04/2008	19/06/2008	
15/01/2008	17/01/2008	BE 0 312630 96/6 BE 0 312639 08/2	17/04/2008		15/01/2009
05/02/2008	07/02/2008	BE 0 312631 97/2 BE 0 312633 02/8	15/05/2008	17/07/2008	
12/02/2008	14/02/2008	BE 0 312631 97/2 BE 0 312640 09/8	15/05/2008		19/02/2009
04/03/2008	06/03/2008	BE 0 312632 01/2 BE 0 312634 03/4	19/06/2008	14/08/2008	
11/03/2008	13/03/2008	BE 0 312632 01/2 BE 0 312641 10/4	19/06/2008		19/03/2009
01/04/2008	03/04/2008	BE 0 312633 02/8 BE 0 312635 04/9	17/07/2008	18/09/2008	
15/04/2008	17/04/2008	BE 0 312633 02/8 BE 0 312642 11/0	17/07/2008		16/04/2009
29/04/2008	02/05/2008	BE 0 312634 03/4 BE 0 312636 05/4	14/08/2008	16/10/2008	
13/05/2008	15/05/2008	BE 0 312634 03/4 BE 0 312643 12/6	14/08/2008		14/05/2009
03/06/2008	05/06/2008	BE 0 312635 04/9 BE 0 312637 06/0	18/09/2008	13/11/2008	
17/06/2008	19/06/2008	BE 0 312635 04/9 BE 0 312644 13/2	18/09/2008		18/06/2009
01/07/2008	03/07/2008	BE 0 312636 05/4 BE 0 312638 07/6	16/10/2008	18/12/2008	
15/07/2008	17/07/2008	BE 0 312636 05/4 BE 0 312645 14/7	16/10/2008		16/07/2009
05/08/2008	07/08/2008	BE 0 312637 06/0 BE 0 312639 08/2	13/11/2008	15/01/2009	
12/08/2008	14/08/2008	BE 0 312637 06/0 BE 0 312646 15/2	13/11/2008		13/08/2009
02/09/2008	04/09/2008	BE 0 312638 07/6 BE 0 312640 09/8	18/12/2008	19/02/2009	
16/09/2008	18/09/2008	BE 0 312638 07/6 BE 0 312647 16/8	18/12/2008		17/09/2009
30/09/2008	02/10/2008	BE 0 312639 08/2 BE 0 312641 10/4	15/01/2009	19/03/2009	
14/10/2008	16/10/2008	BE 0 312639 08/2 BE 0 312648 17/4	15/01/2009		15/10/2009
04/11/2008	06/11/2008	BE 0 312640 09/8 BE 0 312642 11/0	19/02/2009	16/04/2009	
11/11/2008	13/11/2008	BE 0 312640 09/8 BE 0 312649 18/0	19/02/2009		19/11/2009
02/12/2008	04/12/2008	BE 0 312641 10/4 BE 0 312643 12/6	19/03/2009	14/05/2009	
16/12/2008	18/12/2008	BE 0 312641 10/4 BE 0 312650 19/6	19/03/2009		17/12/2009

**Annex 3: Calendar OLO auctions**  
**2008**

	<b>Auction date</b>	<b>Settlement Date</b>
<b>JAN</b>	<b>Mon 28 Jan 2008</b>	31 Jan 2008
FEB	-	-
<b>MAR</b>	<b>Mon 31 Mar 2008</b>	03 Apr 2008
APR	-	-
<b>MAY</b>	<b>Mon 26 May 2008</b>	29 May 2008
JUN	-	-
<b>JUL</b>	<b>Mon 28 Jul 2008</b>	31 Jul 2008
AUG	-	-
<b>SEP</b>	<b>Mon 29 Sept 2008</b>	02 Oct 2008
OCT	-	-
<b>NOV</b>	<b>Mon 24 nov 2008</b>	27 Nov 2008
DEC	-	-