

2011

BORROWING REQUIREMENTS AND FUNDING PLAN

KINGDOM OF BELGIUM

13 December 2010

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1. The 2011 Gross Borrowing requirements

The Treasury expects its 2011 gross borrowing requirements to amount to **€41.12 billion**. This represents a decrease of €3.74 billion compared to the estimated 2010 borrowing requirements (€44.86 billion), which are heavily influenced by the large amount of buybacks involving OLOs coming to maturity in 2011 (€6.50 billion).

In establishing this estimate, the Treasury assumed that the **2011 cash budget deficit** would amount to **€14.94 billion**. These include an estimated €1.28 billion of financing for the Hellenic Republic.

Redemptions of medium- and long-term debt would amount to €23.98 billion, including €1.53 billion of redeeming Treasury Bonds for the Silver Fund¹.

The Treasury also plans to buy back bonds maturing in 2012 for an amount of €2.19 billion.

2. The 2011 Funding Plan

The Belgian Debt Agency plans to issue **€35.73 billion** of medium-and long-term instruments.

OLO issuance is expected to amount to **€34.00 billion**, significantly less than the amount of €40.85 billion issued in 2010. As in 2010, it is likely that three new OLO benchmarks will be issued in 2011.

The Treasury also plans to issue **€4.00 billion** via its EMTN-program or other alternative funding instruments.

Finally, debt instruments for private investors are expected to provide for €0.20 billion of funding.

As for short-term funding, the outstanding amount of **Treasury Certificates** is expected to remain the unchanged at year end 2011.

3. 2011 Funding Strategy

The main feature of the 2011 issuance strategy continues to be the combination of **predictability** and **flexibility** in order to respond adequately to changing market environments. This subtle combination can be obtained by enhanced communication.

The Treasury will remain **predictable** with regard to the number of OLO syndications and of auctions for its main financing instruments, both OLOs and TCs. Predictability will also prevail as to the size of the financing program and the size of issuance in various instruments.

Flexibility will allow to adapting the size, instruments and the maturities to prevailing **market demand** at the moment of issuance.

In this context the forecasted issuance strategy for 2011 will be as follows.

¹ Which will be refinanced by the issuance of equivalent securities to be bought by the Silver Fund

With regard to **long term financing**:

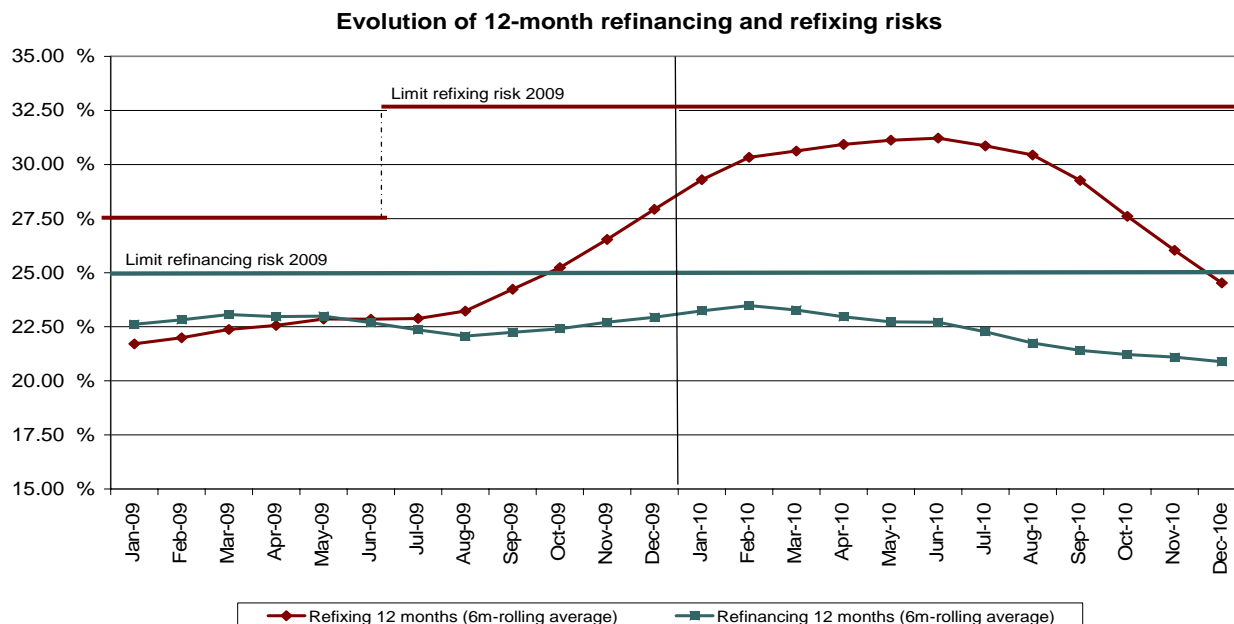
- ❑ It is expected that new benchmarks will be launched through **syndicated issues** and increased in size through **auctions**.
- ❑ If sufficient demand is identified, **off-the-runs** can be reopened in regular auctions.
- ❑ The number of OLO auctions remains stable at 11. Sufficient points of issuance will offer more flexibility as to size per auction and maturities offered.
- ❑ The OLO issuance will be supplemented by **alternative financing instruments**: hedged foreign currency issuance and/or structured products issued under the **EMTN program** or other funding instruments.

With regard to **short term financing**:

- ❑ A **Treasury Certificate²** issuance program consisting of **2 auctions per month** at which 2 fixed lines will be offered. Occasionally the Treasury will offer a supplementary line.
- ❑ The regular Treasury Certificate program will be supplemented by issuance under the existing Euro-Commercial Paper Program³. This allows for on-tap issuance in various currencies but swapped into Euro.

4. 2011 Debt Management Strategy

In the course of 2009 and 2010, the 12-month refinancing and refixing risks evolved as follows:



² Belgium's Treasury Certificates are in fact T-bills

³ Named B.T.B. or Belgian Treasury Bills

The 12-month refinancing risk diminished considerably in 2010, after having evolved around 22.50% in 2009. As for the refixing risk, it increased in S2 2009 and in S1 2010 as a result of receiver swaps being contracted by the Treasury. Afterwards, it decreased significantly because of these swaps being terminated early.

The maximum limit for the **12-month refinancing risk** will be 25.00% in 2010, though the Treasury expects it will remain below 22.50%.

The maximum for the 12-month refixing risk will be 25.00%.

Turning to medium-term risks, both the 60-month refinancing risk (estimated value 31/12/08: 56.13%) and the 60-month refixing risk (estimated value 31/12/08: 58.79%) have been well below their respective maxima of 62.50% and 70.00% in 2010. In 2011, the maximum values will be respectively 60.00% and 65.00%.

Annex 1: 2011 Borrowing Requirements and Financing Plan

2010 & 2011 BORROWING REQUIREMENTS

Euro Billion	<u>Budget 2010</u> Dec. 6th, 2010 forecast	<u>Budget 2011</u> Dec. 9th, 2010 forecast
<u>I. Gross financing requirements Year N</u>	<u>44.86</u>	<u>41.12</u>
<u>1. Federal State budget deficit :</u>	<u>12.46</u>	<u>14.94</u>
<i>Budget deficit (stricto sensu) :</i>	11.98	13.72
<i>Participation in/loans to financial institutions and sovereigns :</i>	0.48	1.23
<i>Transfers to the Silver Fund :</i>	0.00	0.00
<u>2. Debt maturing during the year</u>	<u>25.90</u>	<u>23.98</u>
<i>Long and medium term debt in euro :</i>	25.29	23.98
<i>Long and medium term debt in foreign currencies :</i>	0.61	0.00
<u>3. Planned pre-funding (bonds maturing in subsequent years)</u>	<u>6.50</u>	<u>2.19</u>
<i>Buy backs</i>	6.50	2.19
<u>4. Other financing requirements</u>	<u>0.01</u>	<u>0.00</u>
<u>II. Funding resources Year N (long and medium term)</u>	<u>45.30</u>	<u>39.73</u>
<u>1. Long and medium term issues in euro (non-structured)</u>	<u>42.65</u>	<u>35.73</u>
OLOs	40.85	34.00
Treasury bonds - Silver Fund	1.57	1.53
Securities for retail investors	0.22	0.20
Other	0.00	0.00
<u>2. Long and medium term issues in foreign currencies and/or structured products</u>	<u>2.66</u>	<u>4.00</u>
<u>III. Net change in short-term foreign currency debt</u>	<u>0.00</u>	<u>0.00</u>
<u>IV. Change in Treasury Certificates stock (1)</u>	<u>0.00</u>	<u>0.00</u>
<u>V. Net change in other short-term debt and financial assets (2)</u>	<u>-0.44</u>	<u>1.39</u>

(1) Outstanding stock of Treasury Certificates on 01/01/2010 : 40,14 billion euro.

(2) This section includes residual financing instruments complementing the reference instruments mentioned in the previous section, including collateral margin changes. A positive figure represents an increase in the stock of residual financing and/or a reduction in financial assets.

Annex 2 : Calendar TC auctions 2011

Auction	ONC + Settlement	NCs + Settlement	Code ISIN	Maturity		
				3 month	6 month	12 month
04/01/2011	06/01/2011	10/01/2011	BE0312666358 BE0312668370	14/04/2011	16/06/2011	
18/01/2011	20/01/2011	24/01/2011	BE0312666358 BE0312675441	14/04/2011		19/01/2012
01/02/2011	03/02/2011	07/02/2011	BE0312667364 BE0312669386	19/05/2011	14/07/2011	
15/02/2011	17/02/2011	21/02/2011	BE0312667364 BE0312676456	19/05/2011		16/02/2012
01/03/2011	03/03/2011	07/03/2011	BE0312668370 BE0312670392	16/06/2011	18/08/2011	
15/03/2011	17/03/2011	21/03/2011	BE0312668370 BE0312677462	16/06/2011		15/03/2012
05/04/2011	07/04/2011	11/04/2011	BE0312669386 BE0312671408	14/07/2011	15/09/2011	
12/04/2011	14/04/2011	18/04/2011	BE0312669386 BE0312678478	14/07/2011		19/04/2012
03/05/2011	05/05/2011	09/05/2011	BE0312670392 BE0312672414	18/08/2011	20/10/2011	
17/05/2011	19/05/2011	23/05/2011	BE0312670392 BE0312679484	18/08/2011		17/05/2012
31/05/2011	02/06/2011	06/06/2011	BE0312671408 BE0312673420	15/09/2011	17/11/2011	
14/06/2011	16/06/2011	20/06/2011	BE0312671408 BE0312680490	15/09/2011		14/06/2012
05/07/2011	07/07/2011	11/07/2011	BE0312672414 BE0312674436	20/10/2011	15/12/2011	
12/07/2011	14/07/2011	18/07/2011	BE0312672414 BE0312681506	20/10/2011		19/07/2012
02/08/2011	04/08/2011	08/08/2011	BE0312673420 BE0312675441	17/11/2011	19/01/2012	
16/08/2011	18/08/2011	22/08/2011	BE0312673420 BE0312682512	17/11/2011		16/08/2012
30/08/2011	01/09/2011	05/09/2011	BE0312674436 BE0312676456	15/12/2011	16/02/2012	
13/09/2011	15/09/2011	19/09/2011	BE0312674436 BE0312683528	15/12/2011		20/09/2012
04/10/2011	06/10/2011	10/10/2011	BE0312675441 BE0312677462	19/01/2012	15/03/2012	
18/10/2011	20/10/2011	24/10/2011	BE0312675441 BE0312684534	19/01/2012		18/10/2012
08/11/2011	10/11/2011	14/11/2011	BE0312676456 BE0312678478	16/02/2012	19/04/2012	
15/11/2011	17/11/2011	21/11/2011	BE0312676456 BE0312685549	16/02/2012		15/11/2012
29/11/2011	01/12/2011	05/12/2011	BE0312677462 BE0312679484	15/03/2012	17/05/2012	
13/12/2011	15/12/2011	19/12/2011	BE0312677462 BE0312686554	15/03/2012		13/12/2012

Annex 3: Calendar OLO auctions 2011

	Auction date
January	31/01/2011
February	28/02/2011
March	28/03/2011
April	18/04/2011
May	23/05/2011
June	27/06/2011
July	25/07/2011
August	22/08/2011
September	26/09/2011
October	31/10/2011
November	28/11/2011
December	-