BELGIAN DEBT AGENCY

2012

BORROWING REQUIREMENTS AND FUNDING PLAN

KINGDOM OF BELGIUM

1. 2012 Gross Borrowing Requirements and Funding Plan

2. The 2012 Debt Management Strategy

3. The 2012 Funding Strategy

11 December 2011

1. 2012 Gross Borrowing requirements and Funding Plan

The Treasury expects its 2012 gross borrowing requirements to amount to **€39.99 billion**. This represents a decrease of €7.40 billion compared to the estimated 2012 borrowing requirements (€45.97 billion), which are heavily influenced by the investment in Dexia Bank Belgium, the contribution to other euro zone sovereigns and a higher budget deficit.

In establishing this estimate, the Treasury assumed that the **2012 cash budget deficit** would amount to **€7.04 billion**.

Redemptions of medium- and long-term debt would amount to €27.67 billion.

The Treasury also plans to buy back bonds maturing in 2013 for an amount of €3.36 billion.

2. The 2012 Funding Plan

The Belgian Debt Agency plans to issue **€26.00 billion** of **OLOs**, significantly less than the amount of €40.93 billion issued in 2011 and in line again with previous issuance levels recorded in the period 2003-2007. It is likely that three new OLO benchmarks will be issued in 2012.

In addition, €1.85 billion of instruments for the Silver Fund will be issued.

The Treasury also plans to issue **€2.00 billion** via its EMTN-program or other alternative funding instruments, Schuldscheine in particular.

As a result of the huge retail participation in the December State note issue, the federal State is envisaging an increase in the issuance for private investors leading to an expected amount of **6.03 bn**, i.e. the realised amount in 2011[1].

As for short-term funding, the outstanding amount of **Treasury Certificates, which decreased by 5.63 bn in 2011,** is expected to increase slightly again by €2.0 bn.

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[1] The expected amount was €300 million.

3. The 2012 FUNDING STRATEGY

The main feature of the 2012 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 2012 will be as follows.

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 but might be canceled and replaced by syndicated issues. Sufficient points of issuance will offer more flexibility as to size per auction and maturities offered.

- The Treasury provides for more flexibility by adding two new issuance techniques :
    - **Syndicated Taps** on longer term OLO benchmarks
    - **Optional Reverse Inquiry Auctions** of off-the-run OLOs at predetermined dates.

  These additional issuance possibilities will only be organized to meet genuine market demand at a particular point in time, when market liquidity should fail to fulfill that demand.

- The OLO issuance will be supplemented by **alternative financing instruments**: hedged foreign currency issuance and/or structured products issued under the **EMTN program,** possibly including inflation-linked notes, or other funding instruments, in particular Schuldscheine.

With regard to **short term financing**:

- A **Treasury Certificate**[2] 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 Program[3]. This allows for on-tap issuance in various currencies but swapped into Euro.

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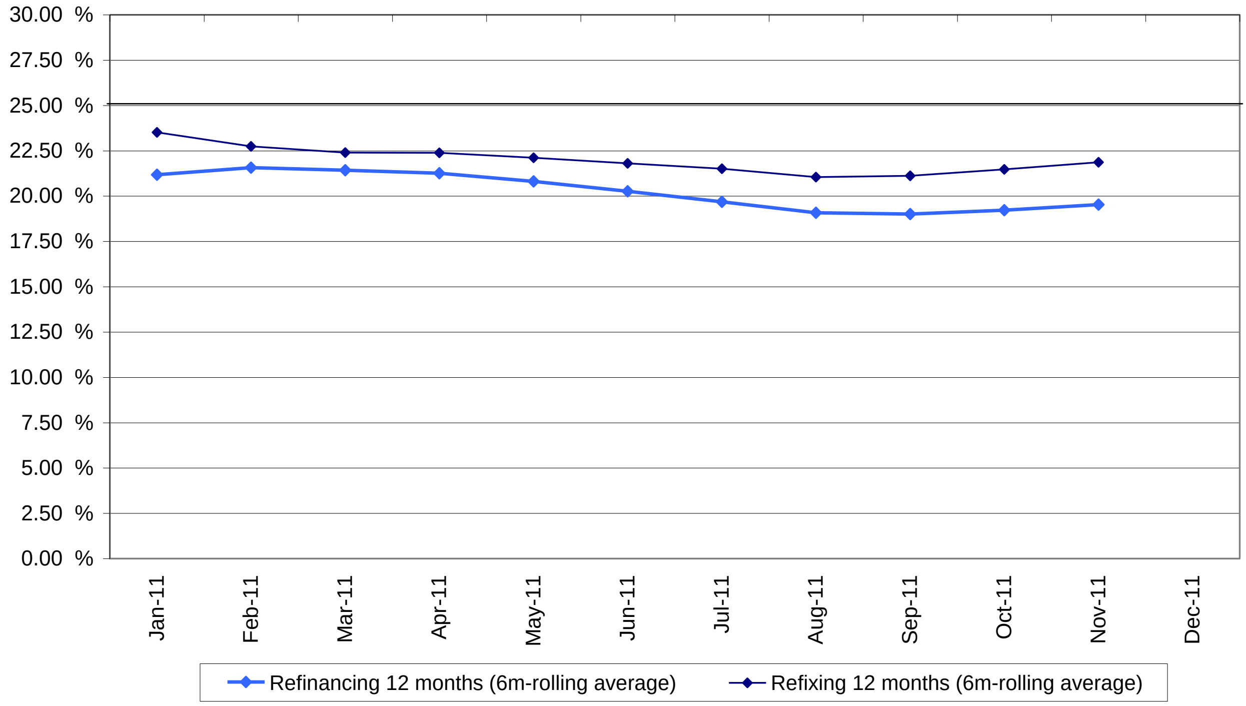
[2] Belgium's Treasury Certificates are in fact T-bills

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

4. The 2012 DEBT MANAGEMENT STRATEGY

In the course of 2011, the 12-month refinancing and refixing risks were both limited to 25.00% and they evolved as follows:



The **maximum limit for the 12-month refinancing risk** will be **22.50%** in 2012.

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

Turning to medium-term risks, both the 60-month refinancing risk (value 30/11/11: **56.9%)** and the 60-month refixing risk (value 30/11/11: **58.7%)** have been well below their respective maxima of 60% and 65.00% in 2011. In 2012, the maximum values will be unchanged.

ANNEXES: OLO + CT calendar