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Kingdom of Belgium
BELGIAN DEBT AGENCY
www.debtagency.be

1. **2020 GROSS BORROWING REQUIREMENTS AND FUNDING PLAN**
2. **THE 2020 DEBT MANAGEMENT STRATEGY**
3. **THE FUNDING STRATEGY IN 2020**

ANNEXES :

1. 2020 BORROWING REQUIREMENTS
2. 2020 ISSUANCE CALENDARS

Borrowing
Requirements
& Funding
Plan
2020

1. 2020 GROSS BORROWING REQUIREMENTS AND FUNDING PLAN

1.1 The 2020 Gross Borrowing Requirements

The Belgian Debt Agency expects the **2020 gross borrowing requirements** to amount to **EUR 31.46 billion**. This represents a decrease of EUR 4.21 billion compared to the 2019 borrowing requirements, which are expected to amount to EUR 35.67 billion (but were originally announced as EUR 30.11 billion).

In establishing this estimate, the Debt Agency assumed that the **2020 net financing requirements** would amount to **EUR 9.60 billion**. This figure is based on Belgium's draft budgetary plan that was sent to the European Commission in October 2019, and it could be revised once the new government will be formed as it may adopt a different budgetary plan.

Redemptions of medium- and long-term debt would amount to EUR 18.46 billion.

The Belgian Debt Agency plans to buy back bonds maturing in 2021 and 2022 for an amount of EUR 2.90 billion. The rationale behind including 2022 for buybacks is the relatively high amount of redemptions in that year.

1.2 The 2020 Funding Plan

The Belgian Debt Agency plans to issue **EUR 28.00 billion** of **OLOs**, a reduction by EUR 1.74 billion compared to the amount of EUR 29.74 billion issued in 2019. It expects to launch two new OLO fixed-rate benchmarks.

The Debt Agency also expects to issue **EUR 2.00 billion** via its EMTN-program or other alternative funding instruments such as Schuldscheine.

In 2020, the Belgian Debt Agency does not expect to issue State Notes, given the low interest rate environment.

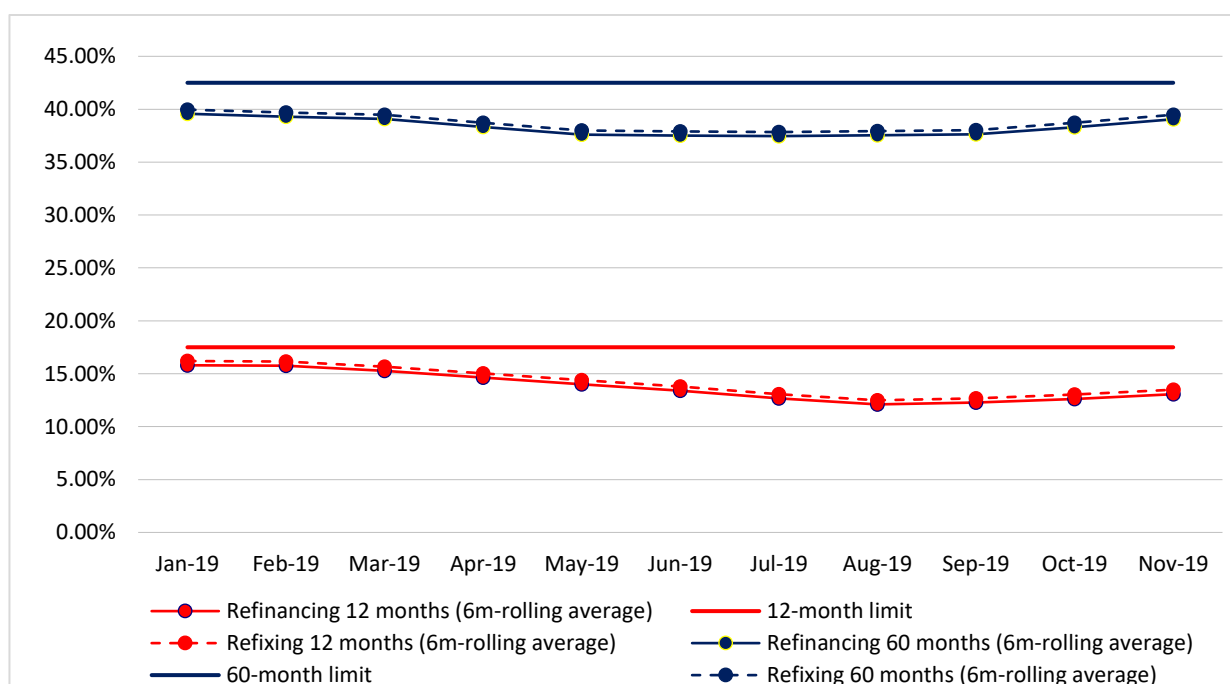
As for short-term funding, net short term debt is planned to increase by EUR 1.46 billion in 2020. The volume of **Treasury Certificates**, forecasted to amount to EUR 27.07 billion at year end 2019, is expected to **rise** by another **EUR 2.0 billion** by the end of 2020.

2. THE 2020 DEBT MANAGEMENT STRATEGY

In 2019, both the 12-month refinancing and the 12-month refixing risk were subject to a maximum of 17.50%. These limits were the same as in 2018. During 2019, both these risks have been considerably lower than their maximum: the 12-month refinancing risk amounted to 13.05% in November 2019, while the 12-month refixing risk stood at 13.48%.

The 60-month refinancing risk and refixing risks also remained below their maximum level of 42.50%, which was unchanged compared to 2018. They amounted to 39.05% and 39.48% in November 2019.

Refinancing and Refixing risks in 2019 (Jan – Nov)

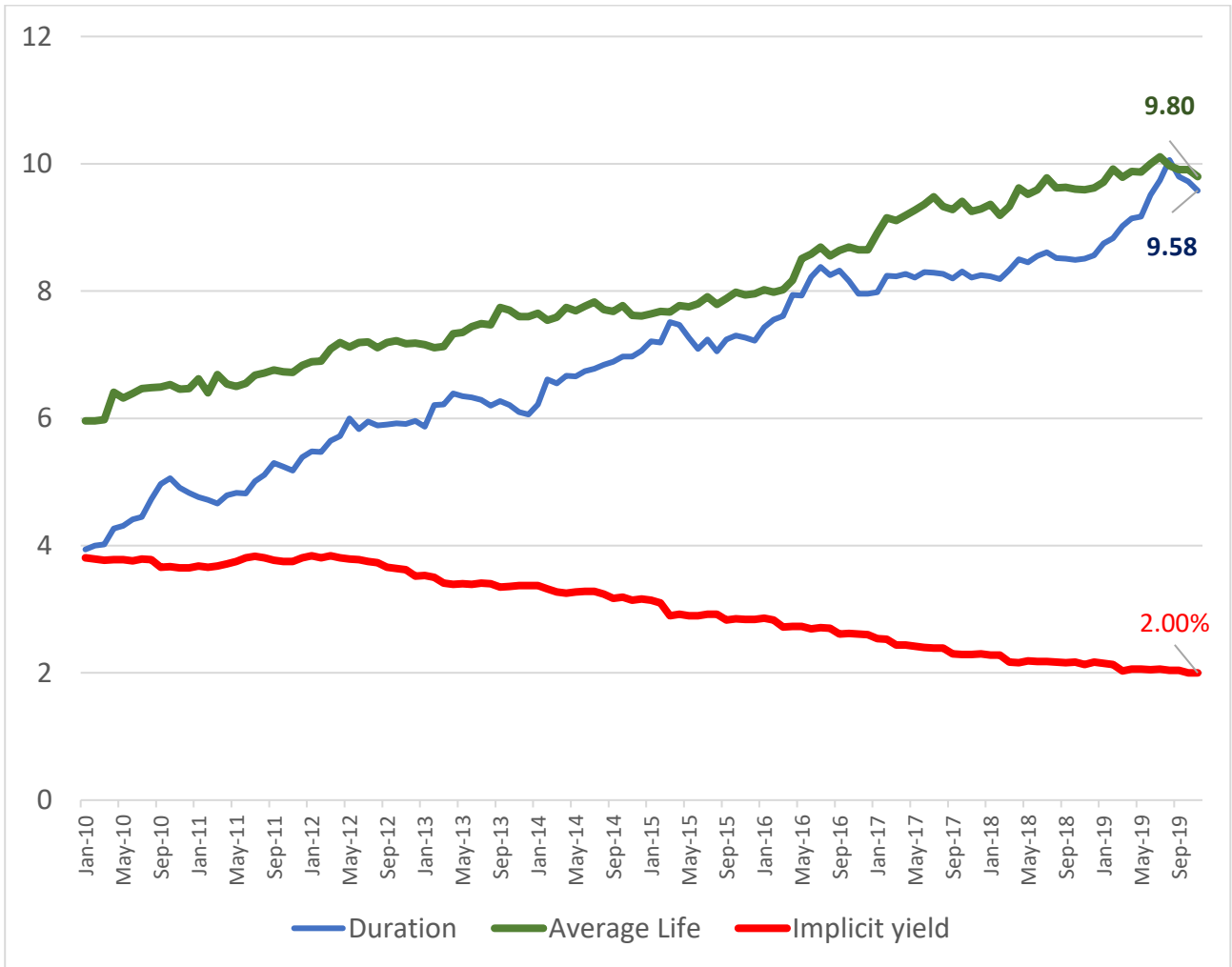


In 2020, both the maximum of the 12-month refinancing and of the refixing risk will be maintained at their current level, i.e. **17.50%**.

The maximum of the 60-month refinancing and refixing risk will also remain unchanged at **42.50%**.

The **average life** of the debt portfolio reached **9.80** years as per 30 November 2019, and the **duration** amounted to **9.58** years. The implicit cost of the portfolio further decreased to **2.00%** as of that date.

Average Life, Duration and Implicit Cost Jan 2010 – Nov 2019



In **2020**, the average life of the debt portfolio is again required to be higher than **9.00 years**, as in 2018 and 2019.

3. THE FUNDING STRATEGY IN 2020

The main feature of the 2020 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 Belgian Debt Agency 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 adapting the size, instruments and the maturities to prevailing **market demand** at the moment of issuance. This element will be further enhanced in 2020 by reintroducing the possibility of an Optional Reverse Inquiry facility for Primary Dealers, allowing them to ask the BDA to issue specific bonds in limited size in dedicated auctions.

In this context the forecasted issuance strategy for 2020 will be as follows.

With regard to **long term financing**

Methodology

- It is expected that new benchmarks will be launched through **syndicated issues** and increased in size through **auctions**.
- The Treasury expects to launch **two** new fixed-rate OLO benchmarks
- If sufficient demand is identified, **on- and off-the-run bonds, among which the Green OLO launched in 2018**, can be reopened in regular auctions.
- The number of OLO regular auctions **remains stable at 7**, and auctions might be cancelled and replaced by a syndicated issue.
- At **5** predetermined moments throughout the year, the Primary Dealers have the possibility to ask the BDA to auction maximum 2 OLO lines, for a combined maximum amount of 500 million EUR in the so-called **ORI facility**.
- The OLO issuance will be supplemented by **alternative financing instruments**. They can include: hedged foreign currency issuance, structured products issued under the **EMTN program**, possibly including inflation-linked notes, or other funding instruments, in particular Schuldscheine.

Maturities

The Belgian Debt Agency has the intention to issue a 10-year benchmark and a new long-term benchmark in the 15-20 years maturity range. The timing of these syndications will be guided by investor demand and the yield environment.

Given the starting point and minimum requirement in terms of average life of the debt portfolio, the BDA will have options to issue OLOs in the auctions in any part of the curve.

With regard to **short term financing**:

- The **Treasury Certificate**¹ program continues to offer 6 liquid lines maturing every two months. The number of auctions remains unchanged, with two auctions every month.

Exceptionally, the BDA can offer a supplementary line or organize an additional auction or cancel the auction of a line in function of its cash management needs.

- The regular Treasury Certificate program will be supplemented by issuance under the ECP-program offering possibilities to issue in foreign currencies. This allows for on-tap issuance in various currencies but swapped into Euro.

APPENDICES :

- **2020 Funding Plan**
- **OLO + TC calendar**

¹ Belgium's T-bills are called Treasury Certificates

APPENDIX 1 - 2020 BORROWING REQUIREMENTS

<i>Euro Billion</i>	<u>2020 Plan</u>	<u>2019 estimate</u> <u>As of December 2019</u>
<u>I. Gross financing requirements</u>	<u>31.46</u>	<u>35.67</u>
<u>1. Net financing requirements :</u>	<u>9.60</u>	<u>7.84</u>
<i>Net financing requirements (stricto sensu) :</i>	9.63	7.92
<i>Participation in/loans to financial institutions and sovereigns :</i>	-0.03	-0.08
<u>2. Debt maturing</u>	<u>18.46</u>	<u>23.37</u>
<i>Long and medium term debt in euro :</i>	18.46	23.37
<i>Long and medium term debt in foreign currencies :</i>	0.00	0.00
<u>3. Planned pre-funding (bonds maturing in subsequent years)</u>	<u>2.90</u>	<u>4.46</u>
<i>Buy backs</i>	2.90	4.46
<u>4. Other financing requirements (1)</u>	<u>0.50</u>	<u>0.00</u>
<u>II. Funding resources (long and medium term)</u>	<u>30.00</u>	<u>30.30</u>
<i>OLOs</i>	28.00	29.74
<i>Euro Medium Term Notes/Schuldscheine</i>	2.00	0.55
<i>Securities for retail investors</i>	0.00	0.00
<i>Other (2)</i>	0.00	0.00
<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 (3)</u>	<u>2.00</u>	<u>2.20</u>
<u>V. Net change in other short-term debt and financial assets (4)</u>	<u>-0.54</u>	<u>3.16</u>

(1) Including put/call options exercised on bonds or loans and net redemptions of the treasury bonds representing Belgian participation in international org.

(2) Including net issues of treasury bonds representing Belgian participation in international org.

(3) Outstanding stock of Treasury Certificates on 01/01/2019 : 24.87 billion euro.

(4) 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.

(5) Figures may not sum up to the total because of rounding.

APPENDIX 2 - 2019 ISSUANCE CALENDARS

1. OLO ISSUANCE CALENDAR

Auction Date (Value Date : D+2)	NC1 (Value Date : D)	NC2 (Value Date : D)
Mon 20-Jan-20	Thu 23-Jan-20	Mon 27-Jan-20
Mon 23-Mar-20	Thu 26-Mar-20	Mon 30-Mar-20
Mon 20-Apr-20	Thu 23-Apr-20	Mon 27-Apr-20
Mon 22-Jun-20	Thu 25-Jun-20	Mon 29-Jun-20
Mon 27-Jul-20	Thu 30-Jul-20	Mon 03-Aug-20
Mon 21-Sep-20	Thu 24-Sep-20	Mon 28-Sep-20
Mon 23-Nov-20	Thu 26-Nov-20	Mon 30-Nov-20

Remark: The Belgian Debt Agency can decide to cancel an OLO auction

2. ORI FACILITY CALENDAR

Auction Date (Value Date : D+2)
Fri 14-Feb-20
Fri 15-May-20
Fri 14-Aug-20
Fri 16-Oct-20
Fri 11-Dec-20

3. TREASURY CERTIFICATE ISSUANCE CALENDAR

Auction	ONC + Settlement	SNCs + Settlement	Code ISIN	Maturity		
				Short	Medium	Long
07/01/2020	09/01/2020	13/01/2020	BE0312770424 BE0312771430	14/05/2020	09/07/2020	
14/01/2020	16/01/2020	20/01/2020	BE0312770424 BE0312774467	14/05/2020		14/01/2021
04/02/2020	06/02/2020	10/02/2020	BE0312770424	14/05/2020		
11/02/2020	13/02/2020	17/02/2020	BE0312770424 BE0312774467	14/05/2020		14/01/2021
03/03/2020	05/03/2020	09/03/2020	BE0312771430 BE0312772446	09/07/2020	10/09/2020	
10/03/2020	12/03/2020	16/03/2020	BE0312771430 BE0312775472	09/07/2020		11/03/2021
07/04/2020	09/04/2020	14/04/2020 (*)	BE0312771430	09/07/2020		
14/04/2020	16/04/2020	20/04/2020	BE0312771430 BE0312775472	09/07/2020		11/03/2021
05/05/2020	07/05/2020	11/05/2020	BE0312772446 BE0312773451	10/09/2020	12/11/2020	
12/05/2020	14/05/2020	18/05/2020	BE0312772446 BE0312776488	10/09/2020		13/05/2021
02/06/2020	04/06/2020	08/06/2020	BE0312772446	10/09/2020		
09/06/2020	11/06/2020	15/06/2020	BE0312772446 BE0312776488	10/09/2020		13/05/2021
07/07/2020	09/07/2020	13/07/2020	BE0312773451 BE0312774467	12/11/2020	14/01/2021	
14/07/2020	16/07/2020	20/07/2020	BE0312773451 BE0312777494	12/11/2020		15/07/2021
04/08/2020	06/08/2020	10/08/2020	BE0312773451	12/11/2020		
11/08/2020	13/08/2020	17/08/2020	BE0312773451 BE0312777494	12/11/2020		15/07/2021
01/09/2020	03/09/2020	07/09/2020	BE0312774467 BE0312775472	14/01/2021	11/03/2021	
08/09/2020	10/09/2020	14/09/2020	BE0312774467 BE0312778500	14/01/2021		09/09/2021
06/10/2020	08/10/2020	12/10/2020	BE0312774467	14/01/2021		
13/10/2020	15/10/2020	19/10/2020	BE0312774467 BE0312778500	14/01/2021		09/09/2021
03/11/2020	05/11/2020	09/11/2020	BE0312775472 BE0312776488	11/03/2021	13/05/2021	
10/11/2020	12/11/2020	16/11/2020	BE0312775472 BE0312779516	11/03/2021		11/11/2021
01/12/2020	03/12/2020	07/12/2020	BE0312775472	11/03/2021		
08/12/2020	10/12/2020	14/12/2020	BE0312775472 BE0312779516	11/03/2021		11/11/2021

(*) between 10:00 AM and 10:30 AM