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Kingdom of Belgium  
BELGIAN DEBT AGENCY  
[www.debtagency.be](http://www.debtagency.be)

# Borrowing Requirements & Funding Plan 2021

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# 1. THE 2021 GROSS BORROWING REQUIREMENTS AND FUNDING PLAN

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## 1.1 The 2021 Gross Borrowing Requirements

The Belgian Debt Agency expects the **2021 gross borrowing requirements** of the federal government to amount to **EUR 43.61 billion**. This represents a decrease of EUR 7.85 billion compared to the 2020 borrowing requirements, which are expected to amount to EUR 51.46 billion.

In establishing this estimate, the Debt Agency assumed that the **2021 net financing requirements** would amount to **EUR 22.77 billion**. This figure results from Belgium's 2021 federal government budget.

Redemptions of medium- and long-term debt would amount to EUR 15.51 billion.

The Belgian Debt Agency plans to buy back bonds maturing in 2022 for an amount of EUR 4.50 billion. This amount corresponds to the relatively high amount of redemptions in that year.

Finally, the execution of puts and calls on certain instruments could result in EUR 0.83 billion of borrowing needs.

## 1.2 The 2021 Funding Plan

In 2021, the Belgian Debt Agency plans to issue **EUR 36.41 billion** of **OLOs**, a reduction of EUR 8.09 billion compared to the amount of EUR 44.50 billion which is expected to be issued in 2020. It expects to launch up to three new OLO fixed-rate benchmarks.

The Debt Agency also expects to issue **EUR 3.00 billion** via its **EMTN**-program or other alternative funding instruments such as **Schuldscheine**. Another **EUR 4.20 billion** of funding would be obtained via the **SURE**-instrument of the European Union.

On the other hand, the Belgian Debt Agency does not expect to issue State Notes, given the low interest rate environment.

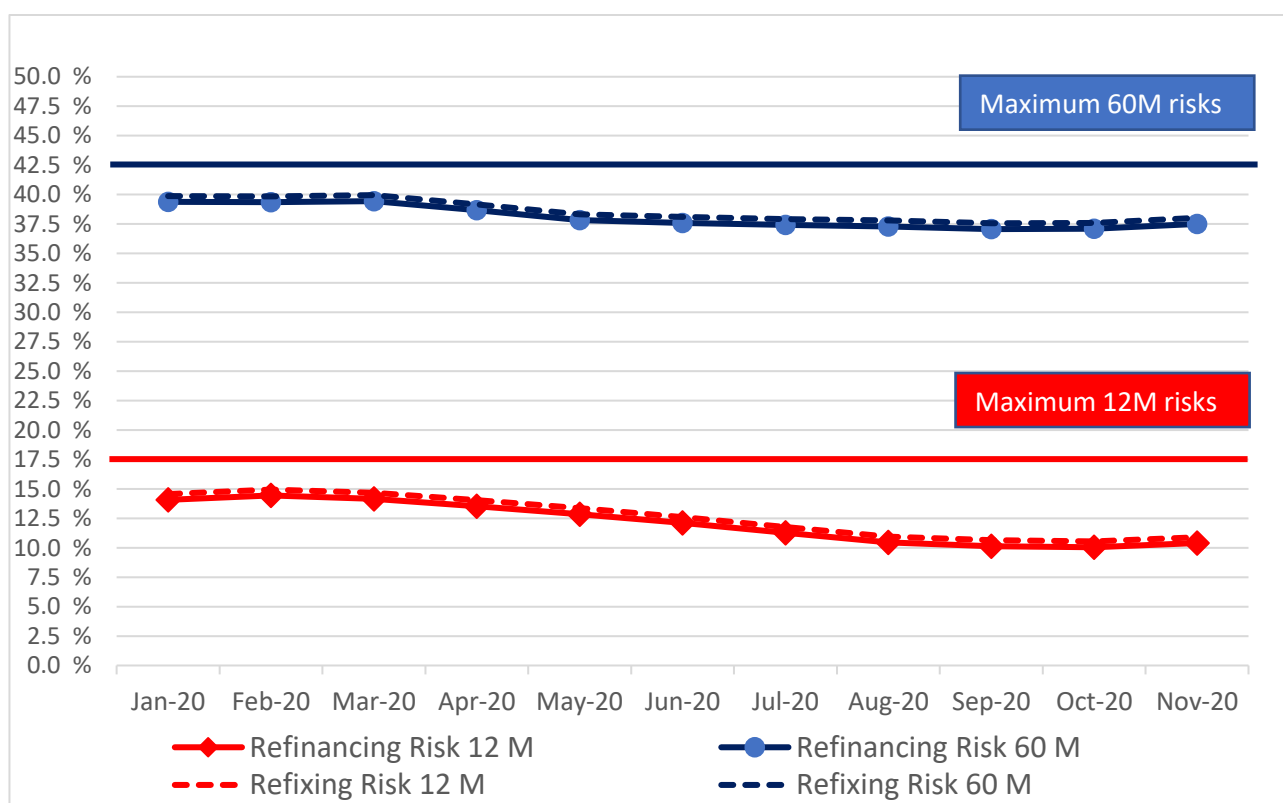
As for short-term funding, net short term debt is planned to remain stable over the year. This would mean that the outstanding amount of **Treasury Certificates** will be EUR 30.50 billion at year end 2021.

## 2. THE 2021 DEBT MANAGEMENT STRATEGY

In 2020, both the 12-month refinancing and the 12-month refixing risk were subject to a maximum of 17.50%. During 2020, both these risks have been considerably lower than their maximum: the 12-month refinancing risk amounted to 10.39% in November 2020, while the 12-month refixing risk stood at 10.89%. These low figures were the consequence of limited refinancing needs in 2020 and 2021, as well as lower than expected net monthly funding requirements before November 2020.

The 60-month refinancing and refixing risks also remained below their maximum level of 42.50%. They amounted to 37.51% and 38.01% in November 2020.

### Refinancing and Refixing risks in 2020 (Jan – Nov)

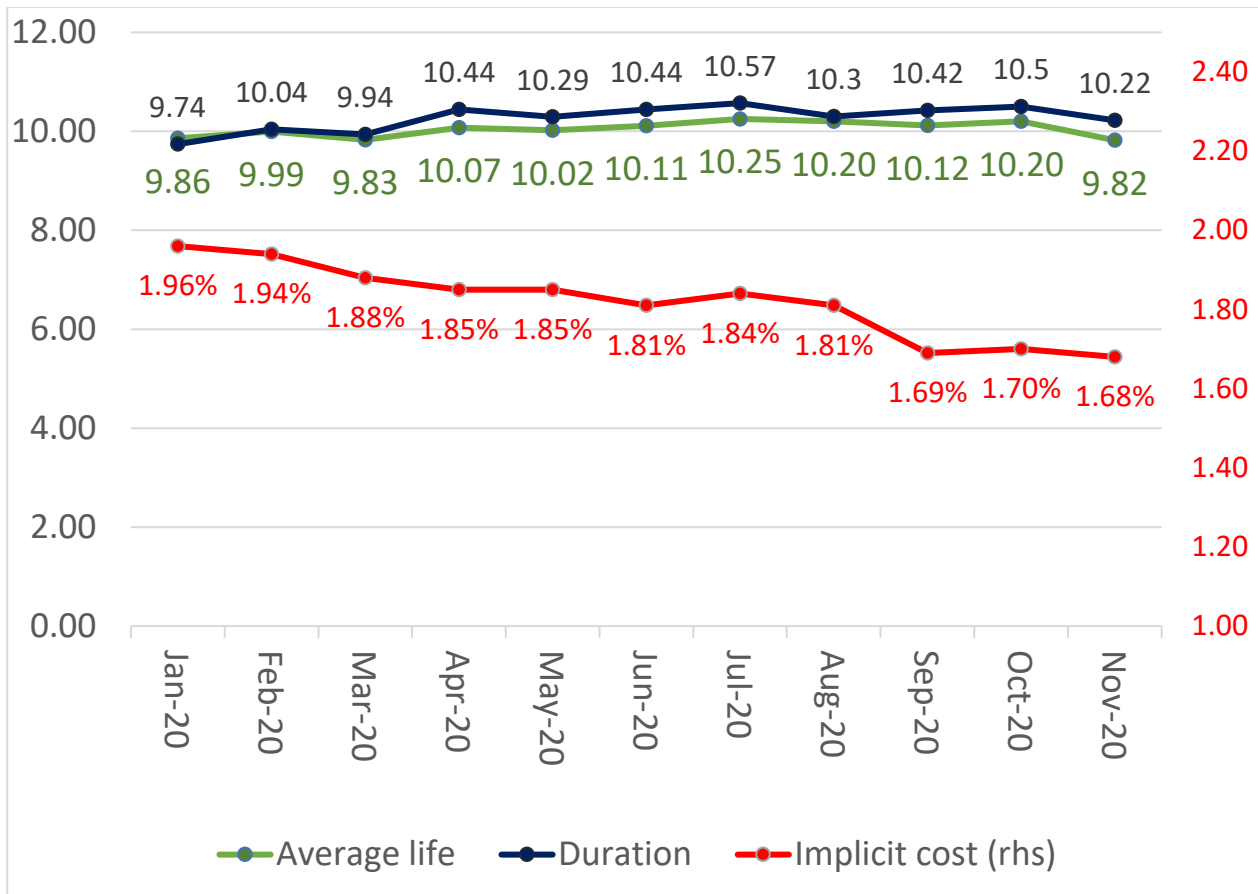


In 2021, both the maximum of the 12-month refinancing and of the refixing risk will be maintained at their current level, i.e. **17.50%**.

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 **9.82 years** as per 30 November 2020, and the **duration** amounted to **10.22** years. The implicit cost of the portfolio further decreased to **1.68%** as of that date.

**Average Life, Duration and Implicit Cost 2020 (Jan – Nov)**



In **2021**, the average life of the debt portfolio is required to be higher than **9.25 years**, which is **0.25 years more** than the applicable limit of 2020.

### 3. THE FUNDING STRATEGY IN 2021

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As always, the main feature of the 2021 issuance strategy is the combination of **predictability** and **flexibility** in order to respond adequately to changing market environments.

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 to adapt the size, instruments and the maturities to prevailing **market demand** at the moment of issuance. This element was further enhanced in 2020 by reintroducing the Optional Reverse Inquiry (ORI) facilities for Primary Dealers, and will be maintained in 2021.

In this context the forecasted issuance strategy for 2021 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 Belgian Debt Agency expects to launch **up to three** new fixed-rate OLO benchmarks in **two syndications**. The Agency wishes to examine the possibility of a new very long OLO, though not longer than 2071.
- 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 amount to be auctioned in the Green OLO will be limited to EUR 1.5 billion in 2021.
- The number of OLO auctions **is set at 8**, 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**, including inflation-linked notes, or other funding instruments, in particular Schuldscheine.

- The BDA expects to finance EUR 4.2 bn billion through SURE loans granted by the European Union.

## **Maturities**

The Belgian Debt Agency has the intention to issue a new 10-year benchmark and include a new very long-term benchmark in a second transaction. The timing of these syndications will be guided by investor demand and the yield environment.

Given the objective to lengthen the average life of the debt portfolio, but taking into account the starting point of the average life and possibly a new very long syndicated transaction, 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**<sup>1</sup> 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 :**

- **2021 Funding Plan**
- **2021 OLO + TC calendar**

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<sup>1</sup> Belgium's T-bills are called Treasury Certificates

## APPENDIX 1 - 2021 BORROWING REQUIREMENTS

<i>Euro Billion</i>	<u>2021 Plan</u>	<u>2020 estimate as of Dec 2020</u>
<b><u>I. Gross financing requirements 2021</u></b>	<b><u>43.61</u></b>	<b><u>51.46</u></b>
<b><u>1. Net financing requirements :</u></b>	<b><u>22.77</u></b>	<b><u>31.50</u></b>
<i>Net financing requirements (stricto sensu) :</i>	22.85	31.53
<i>Participation in/loans to financial institutions and sovereigns :</i>	-0.08	-0.03
<b><u>2. Debt maturing in 2020</u></b>	<b><u>15.51</u></b>	<b><u>18.98</u></b>
<i>Long and medium term debt in euro :</i>	15.51	18.98
<i>Long and medium term debt in foreign currencies :</i>	0.00	0.00
<b><u>3. Planned pre-funding (bonds maturing in 2021 and later)</u></b>	<b><u>4.50</u></b>	<b><u>0.98</u></b>
<i>Buy backs</i>	4.50	0.98
<b><u>4. Other financing requirements (1)</u></b>	<b><u>0.83</u></b>	<b><u>0.00</u></b>
<b><u>II. Funding resources 2020 (long and medium term)</u></b>	<b><u>43.61</u></b>	<b><u>48.51</u></b>
<i>OLOs</i>	36.41	44.50
<i>Euro Medium Term Notes/Schuldscheine</i>	3.00	2.01
<i>Securities for retail investors</i>	0.00	0.00
<i>Other (2)</i>	4.20	2.00
<b><u>III. Net change in short-term foreign currency debt</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>
<b><u>IV. Change in Treasury Certificates stock (3)</u></b>	<b><u>0.00</u></b>	<b><u>3.00</u></b>
<b><u>V. Net change in other short-term debt and financial assets (4)</u></b>	<b><u>0.00</u></b>	<b><u>-0.05</u></b>

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

(2) EU loans (SURE) and net issues of treasury bonds representing Belgian participation in international organisations.

(3) Expected outstanding stock of Treasury Certificates on 01/01/2021 : 30.50 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 - 2021 ISSUANCE CALENDARS

### 1. OLO ISSUANCE CALENDAR

<b>Auction Date (Value Date: D+2)</b>	<b>NC1 (Value Date: D)</b>	<b>NC2 (Value Date: D)</b>
Mon 25-Jan-21	Thu 28-Jan-21	Mon 01-Feb-21
Mon 22-Feb-21	Thu 25-Feb-21	Mon 01-Mar-21
Mon 22-Mar-21	Thu 25-Mar-21	Mon 29-Mar-21
Mon 31-May-21	Thu 03-Jun-21	Mon 07-Jun-21
Mon 28-Jun-21	Thu 01-Jul-21	Mon 05-Jul-21
Mon 26-Jul-21	Thu 29-Jul-21	Mon 02-Aug-21
Mon 27-Sep-21	Thu 30-Sep-21	Mon 04-Oct-21
Mon 22-Nov-21	Thu 25-Nov-21	Mon 29-Nov-21

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

### 2. ORI FACILITY CALENDAR

<b>Auction Date (Value Date: D+2)</b>
Fri 05-Feb-21
Fri 07-May-21
Fri 06-Aug-21
Fri 08-Oct-21
Fri 17-Dec-21



### 3. TREASURY CERTIFICATE ISSUANCE CALENDAR

Auction	ONC + Settlement	NCs + Settlement	Code ISIN	Maturity		
				Short	Medium	Long
05/01/2021	07/01/2021	11/01/2021	BE0312776488 BE0312777494	13/05/2021	15/07/2021	
12/01/2021	14/01/2021	18/01/2021	BE0312776488 BE0312780522	13/05/2021		13/01/2022
02/02/2021	04/02/2021	08/02/2021	BE0312776488	13/05/2021		
09/02/2021	11/02/2021	15/02/2021	BE0312776488 BE0312780522	13/05/2021		13/01/2022
02/03/2021	04/03/2021	08/03/2021	BE0312777494 BE0312778500	15/07/2021	09/09/2021	
09/03/2021	11/03/2021	15/03/2021	BE0312777494 BE0312781538	15/07/2021		10/03/2022
06/04/2021	08/04/2021	12/04/2021	BE0312777494	15/07/2021		
13/04/2021	15/04/2021	19/04/2021	BE0312777494 BE0312781538	15/07/2021		10/03/2022
04/05/2021	06/05/2021	10/05/2021	BE0312778500 BE0312779516	09/09/2021	11/11/2021	
11/05/2021	13/05/2021	17/05/2021	BE0312778500 BE0312782544	09/09/2021		12/05/2022
01/06/2021	03/06/2021	07/06/2021	BE0312778500	09/09/2021		
08/06/2021	10/06/2021	14/06/2021	BE0312778500 BE0312782544	09/09/2021		12/05/2022
06/07/2021	08/07/2021	12/07/2021	BE0312779516 BE0312780522	11/11/2021	13/01/2022	
13/07/2021	15/07/2021	19/07/2021	BE0312779516 BE0312783559	11/11/2021		14/07/2022
03/08/2021	05/08/2021	09/08/2021	BE0312779516	11/11/2021		
10/08/2021	12/08/2021	16/08/2021	BE0312779516 BE0312783559	11/11/2021		14/07/2022
31/08/2021	02/09/2021	06/09/2021	BE0312780522 BE0312781538	13/01/2022	10/03/2022	
07/09/2021	09/09/2021	13/09/2021	BE0312780522 BE0312784565	13/01/2022		08/09/2022
05/10/2021	07/10/2021	11/10/2021	BE0312780522	13/01/2022		
12/10/2021	14/10/2021	18/10/2021	BE0312780522 BE0312784565	13/01/2022		08/09/2022
02/11/2021	04/11/2021	08/11/2021	BE0312781538 BE0312782544	10/03/2022	12/05/2022	
09/11/2021	11/11/2021	15/11/2021	BE0312781538 BE0312785570	10/03/2022		10/11/2022
07/12/2021	09/12/2021	13/12/2021	BE0312781538	10/03/2022		
14/12/2021	16/12/2021	20/12/2021	BE0312781538 BE0312785570	10/03/2022		10/11/2022