



**KINGDOM OF BELGIUM  
BELGIAN DEBT AGENCY**  
Avenue des Arts, 30  
B-1040 BRUSSELS

[www.debtagency.be](http://www.debtagency.be)

## **Borrowing Requirements & Funding Plan**

# **2022**

8 December 2021

## Contents

<b>1. The 2022 gross borrowing requirements and funding plan</b>	
1.1. The 2022 gross borrowing requirements .....	3
1.2. The 2022 funding plan .....	3
<b>2. The debt management strategy</b>	
2.1. Refinancing and refixing risks .....	4
2.2. Average life, duration and implicit cost .....	5
<b>3. The funding strategy in 2022</b>	
3.1. With regard to long term financing .....	6
3.1.1. Methodology.....	6
3.1.2. Maturities.....	6
3.2. With regard to short term financing.....	7
<b>Appendices</b>	
Appendix 1 : 2022 borrowing requirements.....	8
Appendix 2 : 2022 issuance calendars .....	9
1. OLO issuance calendar .....	9
2. ORI facility calendar .....	9
3. Treasury Certificate issuance calendar .....	10

## 1

## The 2022 gross borrowing requirements and funding plan

### 1.1. The 2022 gross borrowing requirements

The Belgian Debt Agency expects that the **2022 gross borrowing requirements** of the federal government will amount to **EUR 48.28 billion**. This represents an increase of EUR 5.08 billion compared to the 2021 borrowing requirements, which are expected to amount to EUR 43.20 billion.

In establishing this estimate, the Debt Agency assumed that the **2022 net financing requirements** would amount to **EUR 18.35 billion**. This figure results from Belgium's 2022 federal government budget.

Redemptions of medium- and long-term debt would amount to EUR 27.59 billion.

The Belgian Debt Agency plans to buy back bonds maturing in 2023 for an amount of EUR 1.84 billion.

Finally, the execution of puts and calls on certain instruments could possibly result in EUR 0.50 billion of borrowing needs.

### 1.2. The 2022 funding plan

In 2022, the Belgian Debt Agency plans to issue **EUR 41.20 billion** of **OLOs**, an increase of EUR 1.97 billion compared to the amount of EUR 39.23 billion which is expected to be issued in 2021. It expects to launch three new OLO fixed-rate benchmarks, amongst which a new Green OLO.

The Debt Agency also expects to issue **EUR 3.00 billion** via its **EMTN**-program or other alternative funding instruments such as **Schuldscheine**.

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

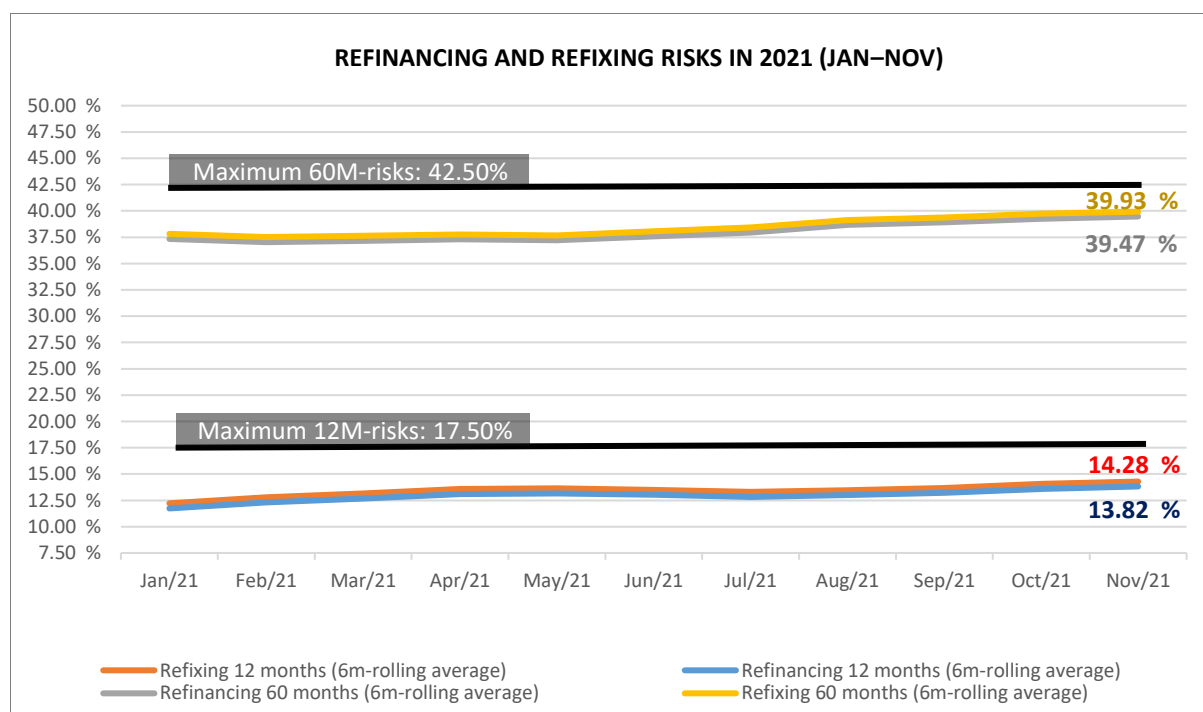
As for short-term funding, the outstanding amount of **Treasury Certificates** is planned to increase by **EUR 2.00 billion** over the year, to EUR 31.4 billion. The net change of other short term debt and financial assets would amount to EUR 2.08 billion.

## 2 The debt management strategy

### 2.1. Refinancing and refixing risks

In 2021, both the 12-month refinancing and the 12-month refixing risk were subject to a maximum of 17.50%. During 2021, both these risks have been considerably lower than their maximum: the 12-month refinancing risk amounted to 13.82% in November 2021, while the 12-month refixing risk stood at 14.28%. These low figures were the consequence of limited refinancing needs in 2021.

The 60-month refinancing and refixing risks also remained below their maximum level of 42.50%. They amounted to 39.47% and 39.93% in November 2021 respectively.



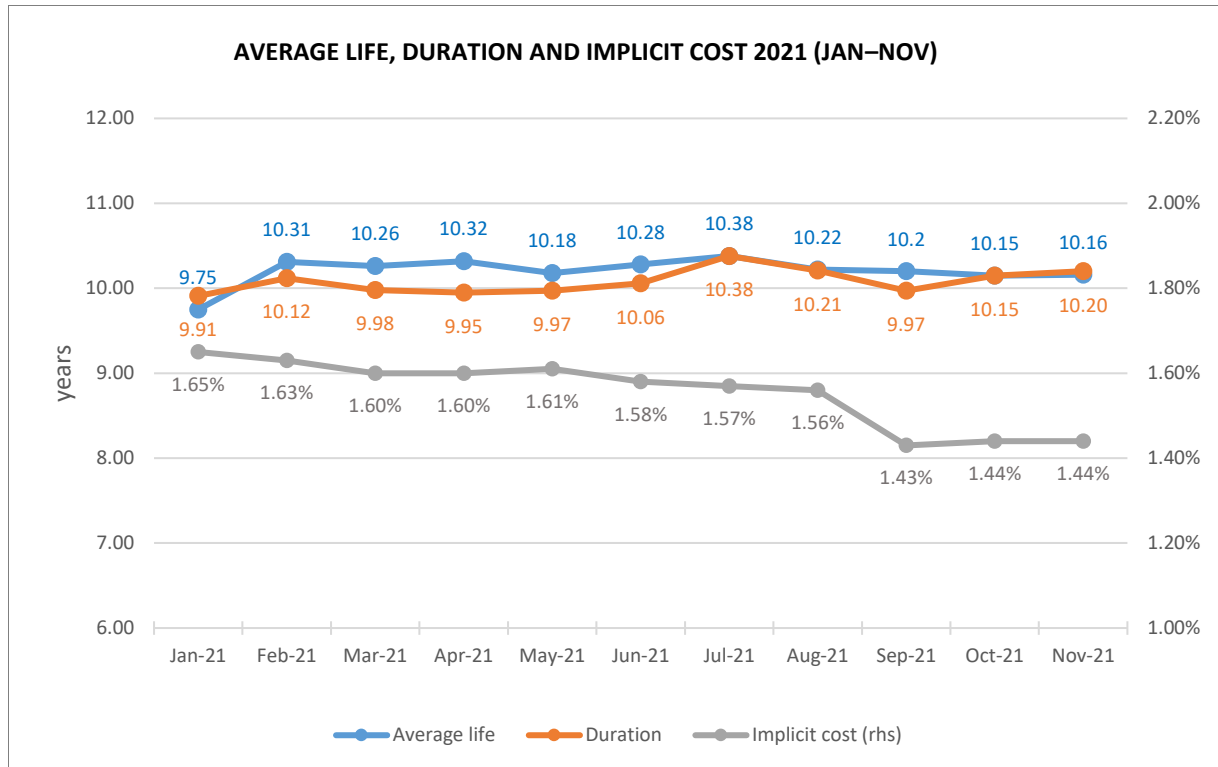
In 2022, both the maximum of the 12-month refinancing and refixing risk will be maintained at their current level, i.e. **17.50%**.

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

## 2.2. Average life, duration and implicit cost

The **average life** of the debt portfolio reached **10.16 years** as per 30 November 2021, and the **duration** amounted to **10.20** years. The implicit cost of the portfolio further decreased to 1.44% as of that date.

In **2022**, the average life of the debt portfolio is again required to be higher than **9.25 years**.



## 3 The funding strategy in 2022

As always, the main feature of the 2022 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 Treasury Certificates. 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 the past two years by reintroducing the Optional Reverse Inquiry (ORI) facilities for Primary Dealers. The ORI facility will be maintained in 2022.

In this context the forecasted issuance strategy for 2022 will be as follows.

### 3.1. With regard to long term financing

#### 3.1.1. 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 **three** new fixed-rate OLO benchmarks in **three syndications**.
- If sufficient demand is identified, **on- and off-the-run bonds** can be reopened in regular auctions.
- The number of **OLO auctions** is set at **11**, and auctions might be cancelled and replaced by a syndicated issue.
- At **8** 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.

#### 3.1.2. Maturities

The Belgian Debt Agency has the intention to issue new 10- and 30-year benchmarks. The maturity of a new Green OLO will be decided at a later stage. The timing of these syndications will be guided by investor demand and the yield environment.

Given the objective to maintain the high average life of the debt portfolio, but taking into account the starting point of the average life and a new 30-year syndicated transaction, the BDA will have options to issue OLOs in the auctions in any part of the curve.

## 3.2. 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.

The outstanding amount of the program is expected to increase by EUR 2 billion in 2022.

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.

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

# Appendices

## Appendix 1 : 2022 borrowing requirements

EUR billion	2022 Plan	2021 estimate as of December 8th, 2021
<b>1. GROSS FINANCING REQUIREMENTS 2022</b>	<b>48.28</b>	<b>43.20</b>
<b>1.1. NET FINANCING REQUIREMENTS</b>	<b>18.35</b>	<b>24.71</b>
- Net financing requirements (stricto sensu)	18.44	24.79
- Participation in/loans to financial institutions and sovereigns	-0.10	-0.08
<b>1.2. DEBT MATURING IN 2022</b>	<b>27.59</b>	<b>15.60</b>
- Long and medium term debt in euro	27.59	15.60
- Long and medium term in foreign currencies	0.00	0.00
<b>1.3. PLANNED PRE-FUNDING (BONDS MATURING IN 2023 AND LATER)</b>	<b>1.84</b>	<b>2.71</b>
- Buy backs	1.84	2.71
<b>1.4. OTHER FINANCING REQUIREMENTS <sup>(1)</sup></b>	<b>0.50</b>	<b>0.18</b>
<b>2. FUNDING RESOURCES 2022 (LONG AND MEDIUM TERM)</b>	<b>44.20</b>	<b>43.57</b>
- OLOs	41.20	39.23
- Euro Medium Term Notes/Schuldscheine	3.00	0.13
- Securities for retail investors	0.00	0.00
- Other <sup>(2)</sup>	0.00	4.21
<b>3. CHANGE IN TREASURY CERTIFICATES STOCK <sup>(3)</sup></b>	<b>2.00</b>	<b>0.45</b>
<b>4. NET CHANGE IN OTHER SHORT-TERM DEBT AND FINANCIAL ASSETS <sup>(4)</sup></b>	<b>2.08</b>	<b>-0.82</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) Including EU loans (SURE) and net issues of treasury bonds representing Belgian participation in international organisations.

(3) Expected outstanding stock of Treasury Certificates on 01/01/2023 : 31.4 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 : 2022 issuance calendars

### 1. OLO issuance calendar

Auction Date (Value Date: D+2)	NC1 (Value Date: D)	NC2 (Value Date: D)
Mon 31/01/2022	Thu 03/02/2022	Mon 07/02/2022
Mon 21/02/2022	Thu 24/02/2022	Mon 28/02/2022
Mon 21/03/2022	Thu 24/03/2022	Mon 28/03/2022
Mon 25/04/2022	Thu 28/04/2022	Mon 02/05/2022
Mon 23/05/2022	Thu 26/05/2022	Mon 30/05/2022
Mon 20/06/2022	Thu 23/06/2022	Mon 27/06/2022
Mon 18/07/2022	Thu 21/07/2022	Mon 25/07/2022
Mon 22/08/2022	Thu 25/08/2022	Mon 29/08/2022
Mon 19/09/2022	Thu 22/09/2022	Mon 26/09/2022
Mon 24/10/2022	Thu 27/10/2022	Mon 31/10/2022
Mon 21/11/2022	Thu 24/11/2022	Mon 28/11/2022

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

### 2. ORI facility calendar

Auction Date (Value Date: D+2)
Fri 04/02/2022
Fri 01/04/2022
Fri 06/05/2022
Fri 03/06/2022
Fri 05/08/2022
Fri 02/09/2022
Fri 04/11/2022
Fri 16/12/2022

### 3. Treasury Certificate issuance calendar

Auction (Value Date: D+2)	NC1 (Value Date: D)	NC2 (Value Date: D)	Code ISIN	Maturity		
				Short	Medium	Long
04/01/2022	06/01/2022	10/01/2022	BE0312782544	12/05/2022		
			BE0312783559		14/07/2022	
11/01/2022	13/01/2022	17/01/2022	BE0312782544	12/05/2022		
			BE0312786586			12/01/2023
01/02/2022	03/02/2022	07/02/2022	BE0312782544	12/05/2022		
08/02/2022	10/02/2022	14/02/2022	BE0312782544	12/05/2022		
			BE0312786586			12/01/2023
01/03/2022	03/03/2022	07/03/2022	BE0312783559	14/07/2022		
			BE0312784565		08/09/2022	
08/03/2022	10/03/2022	14/03/2022	BE0312783559	14/07/2022		
			BE0312787592			09/03/2023
05/04/2022	07/04/2022	11/04/2022	BE0312783559	14/07/2022		
12/04/2022	14/04/2022	20/04/2022	BE0312783559	14/07/2022		
			BE0312787592			09/03/2023
03/05/2022	05/05/2022	09/05/2022	BE0312784565	08/09/2022		
			BE0312785570		10/11/2022	
10/05/2022	12/05/2022	16/05/2022	BE0312784565	08/09/2022		
			BE0312788608			11/05/2023
07/06/2022	09/06/2022	13/06/2022	BE0312784565	08/09/2022		
14/06/2022	16/06/2022	20/06/2022	BE0312784565	08/09/2022		
			BE0312788608			11/05/2023
05/07/2022	07/07/2022	11/07/2022	BE0312785570	10/11/2022		
			BE0312786586		12/01/2023	
12/07/2022	14/07/2022	18/07/2022	BE0312785570	10/11/2022		
			BE0312789614			13/07/2023
02/08/2022	04/08/2022	08/08/2022	BE0312785570	10/11/2022		
09/08/2022	11/08/2022	15/08/2022	BE0312785570	10/11/2022		
			BE0312789614			13/07/2023
06/09/2022	08/09/2022	12/09/2022	BE0312786586	12/01/2023		
			BE0312787592		09/03/2023	
13/09/2022	15/09/2022	19/09/2022	BE0312786586	12/01/2023		
			BE0312790620			14/09/2023
04/10/2022	06/10/2022	10/10/2022	BE0312786586	12/01/2023		
11/10/2022	13/10/2022	17/10/2022	BE0312786586	12/01/2023		
			BE0312790620			14/09/2023
01/11/2022	03/11/2022	07/11/2022	BE0312787592	09/03/2023		
			BE0312788608		11/05/2023	
08/11/2022	10/11/2022	14/11/2022	BE0312787592	09/03/2023		
			BE0312791636			09/11/2023
06/12/2022	08/12/2022	12/12/2022	BE0312787592	09/03/2023		
13/12/2022	15/12/2022	19/12/2022	BE0312787592	09/03/2023		
			BE0312791636			09/11/2023