



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

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

**Borrowing  
Requirements &  
Funding Plan**

**2023**

9 December 2022

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# 1 The 2023 gross borrowing requirements and funding plan

## 1.1. The 2023 Gross Borrowing Requirements

The Belgian Debt Agency expects that the **2023 gross borrowing requirements** of the federal government will amount to **EUR 51.07 billion**. This represents an increase of EUR 2.58 billion compared to the 2022 borrowing requirements, which are expected to amount to EUR 48.49 billion.

In establishing this estimate, the Debt Agency assumed that the **2023 net financing requirements** would amount to **EUR 27.54 billion**. This figure results from Belgium's 2023 government draft budgetary plan.

**Redemptions** of medium- and long-term debt would amount to **EUR 21.13 billion**.

The Belgian Debt Agency plans to buy back bonds maturing in 2024 for an amount of EUR 2.09 billion.

Finally, the execution of puts and calls on certain instruments could possibly result in EUR 0.31 billion of borrowing needs.

## 1.2. The 2023 Funding Plan

In 2023, the Belgian Debt Agency plans to issue **EUR 45 billion** of **OLOs**, an increase of EUR 0.87 billion compared to the amount of EUR 44.13 billion which is expected to be issued in 2022. It expects to launch three 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**.

After a 3-year break, retail notes have been issued again as rates have moved significantly into positive territory. The Belgian Debt Agency expects to issue 0.25 billion EURO of these instruments in 2023.

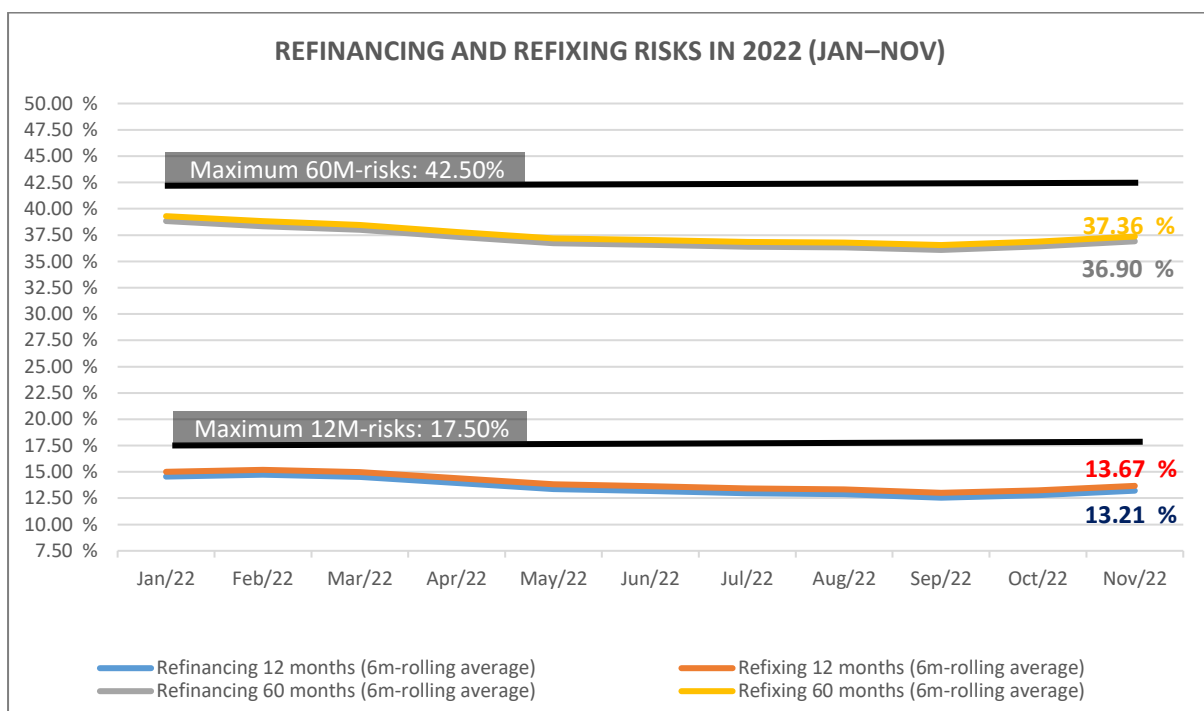
As for short-term funding, the outstanding amount of **Treasury Certificates** is planned to increase by **EUR 1.00 billion** over the year. The net change of other short term debt and financial assets would amount to EUR 2.82 billion.

## 2 The Debt management strategy

### 2.1. Refinancing and refixing risks

In 2022, both the 12-month refinancing and the 12-month refixing risk were subject to a maximum of 17.50%. During 2022, both of these risks have been considerably lower than their maximum: the 12-month refinancing risk amounted to 13.21 % in November 2022, while the 12-month refixing risk stood at 13.67 %.

The 60-month refinancing and refixing risks also remained below their maximum level of 42.50%. They amounted to respectively 36.90% and 37.36% in November 2022.

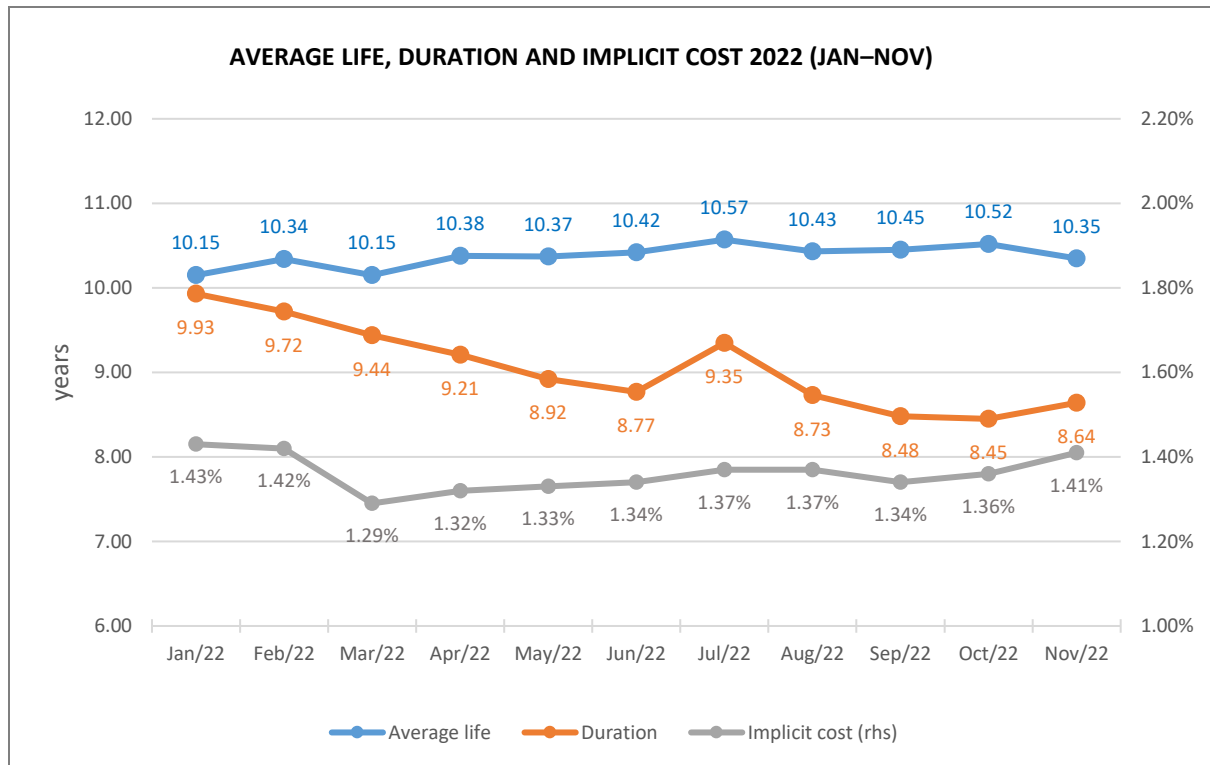


These risk limits will remain the same in 2023, meaning that the maximum of the 12-month refinancing and the refixing risk will be maintained at **17.50%**, and that the maximum of the 60-month refinancing and refixing risk will also remain unchanged at **42.50%**.

## 2.2. Average life, duration and implicit cost

The **average life** of the debt portfolio reached **10.35 years** as per 30 November 2022, and the **duration** amounted to **8.64** years. The **implicit cost** of the portfolio remained almost unchanged from the beginning of the year at **1.41%**.

In **2023**, the average life of the debt portfolio is again required to be higher than **9.25 years**.



## 3 The funding strategy in 2023

The main feature of the 2023 issuance strategy remains 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 auctions for its main financing instruments, 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 conditions and investor demand at the moment of issuance. This latter element was further enhanced in the past two years by reintroducing the Optional Reverse Inquiry (ORI) facilities for Primary Dealers. This facility will be maintained in 2023.

In this context the forecasted issuance strategy for 2023 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 and structured products issued under the **EMTN program**, including inflation-linked notes, or other funding instruments, in particular Schuldscheine and State Notes (Bons d'Etat – Staatsbons)

#### 3.1.2. Maturities

The Belgian Debt Agency has the intention to issue a new 10-year benchmark and at least one benchmark in a long maturity (for example a 20- or a 30-year bond). The maturity of a third new benchmark bond will, like the timing of these syndications, be guided by investor demand and the yield environment.

In the auctions, the BDA will have options to issue OLOs in any part of the curve. Both existing Green OLOs, OLO86 maturing 22/04/2033 and OLO96 maturing 22/04/2039, can be reopened in the OLO auctions and in the ORI facility, subject to market demand. The total indicative amount of green issuance in 2023 is estimated between EUR 2.2 billion and EUR 2.7 billion. These figures are based on green expenditures mainly budgeted in 2023 (95%) and to a lesser extent during previous years (5%).

## 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 1 billion in 2023.

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 : 2023 Borrowing requirements

EUR billion	2023 Plan	2022 estimate as of December 9, 2022
<b>1. GROSS FINANCING REQUIREMENTS</b>	<b>51.07</b>	<b>48.49</b>
- Net Financing Requirement	27.54	18.93
- Debt Maturing in 2023	21.13	27.96
- Planned Pre-funding (Bonds maturing in 2024 and after)	2.09	1.60
- Other Financing Requirements <sup>(1)</sup>	0.31	0
<b>2. FUNDING RESOURCES (LONG AND MEDIUM TERM)</b>	<b>47.25</b>	<b>44.24</b>
- OLOs	45.00	44.13
- Euro Medium Term Notes/Schuldscheine	2.00	0
- Securities for retail investors	0.25	0.11
<b>3. CHANGE SHORT TERM DEBT</b>	<b>3.82</b>	<b>4.25</b>
- Treasury Certificates <sup>(2)</sup>	1.00	3.00
- Others <sup>(3)</sup>	2.82	1.25

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

(2) Expected outstanding stock of Treasury Certificates on 01/01/2023 : 33.00 billion euro.

(3) 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.



## Appendix 2 : 2023 Issuance Calendars

### 1. OLO Issuance Calendar

Auction Date (Value Date: D+2)	NC1 (Value Date: D)	NC2 (Value Date: D)
Mon 30-Jan-23	Thu 02-Feb-23	Mon 06-Feb-23
Mon 20-Feb-23	Thu 23-Feb-23	Mon 27-Feb-23
Mon 20-Mar-23	Thu 23-Mar-23	Mon 27-Mar-23
Mon 24-Apr-23	Thu 27-Apr-23	Tue 02-May-23
Mon 22-May-23	Thu 25-May-23	Mon 29-May-23
Mon 19-Jun-23	Thu 22-Jun-23	Mon 26-Jun-23
Mon 24-Jul-23	Thu 27-Jul-23	Mon 31-Jul-23
Mon 21-Aug-23	Thu 24-Aug-23	Mon 28-Aug-23
Mon 18-Sep-23	Thu 21-Sep-23	Mon 25-Sep-23
Mon 23-Oct-23	Thu 26-Oct-23	Mon 30-Oct-23
Mon 20-Nov-23	Thu 23-Nov-23	Mon 27-Nov-23

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

### 2. ORI Facility Calendar

Auction Date (Value Date: D+2)
Fri 03-Feb-23
Fri 31-Mar-23
Fri 05-May-23
Fri 02-Jun-23
Fri 04-Aug-23
Fri 01-Sep-23
Fri 03-Nov-23
Fri 15-Dec-23

### 3. Treasury Certificate Issuance Calendar

Auction (Value Date: D+2)	NC1 (Value Date: D)	NC2 (Value Date: D)	Code ISIN	Maturity		
				Short	Medium	Long
03/01/2023	05/01/2023	09/01/2023	BE0312788608	11/05/2023		
			BE0312789614		13/07/2023	
10/01/2023	12/01/2023	16/01/2023	BE0312788608	11/05/2023		
			BE0312792642			11/01/2024
31/01/2023	02/02/2023	06/02/2023	BE0312788608	11/05/2023		
07/02/2023	09/02/2023	13/02/2023	BE0312788608	11/05/2023		
			BE0312792642			11/01/2024
28/02/2023	02/03/2023	06/03/2023	BE0312789614	13/07/2023		
			BE0312790620		14/09/2023	
07/03/2023	09/03/2023	13/03/2023	BE0312789614	13/07/2023		
			BE0312793657			07/03/2024
04/04/2023	06/04/2023	11/04/2023	BE0312789614	13/07/2023		
11/04/2023	13/04/2023	17/04/2023	BE0312789614	13/07/2023		
			BE0312793657			07/03/2024
02/05/2023	04/05/2023	08/05/2023	BE0312790620	14/09/2023		
			BE0312791636		09/11/2023	
09/05/2023	11/05/2023	15/05/2023	BE0312790620	14/09/2023		
			BE0312794663			09/05/2024
30/05/2023	01/06/2023	05/06/2023	BE0312790620	14/09/2023		
06/06/2023	08/06/2023	12/06/2023	BE0312790620	14/09/2023		
			BE0312794663			09/05/2024
04/07/2023	06/07/2023	10/07/2023	BE0312791636	09/11/2023		
			BE0312792642		11/01/2024	
11/07/2023	13/07/2023	17/07/2023	BE0312791636	09/11/2023		
			BE0312795678			11/07/2024
01/08/2023	03/08/2023	07/08/2023	BE0312791636	09/11/2023		
08/08/2023	10/08/2023	14/08/2023	BE0312791636	09/11/2023		
			BE0312795678			11/07/2024
05/09/2023	07/09/2023	11/09/2023	BE0312792642	11/01/2024		
			BE0312793657		07/03/2024	
12/09/2023	14/09/2023	18/09/2023	BE0312792642	11/01/2024		
			BE0312796684			12/09/2024
03/10/2023	05/10/2023	09/10/2023	BE0312792642	11/01/2024		
10/10/2023	12/10/2023	16/10/2023	BE0312792642	11/01/2024		
			BE0312796684			12/09/2024
31/10/2023	02/11/2023	06/11/2023	BE0312793657	07/03/2024		
			BE0312794663		09/05/2024	
07/11/2023	09/11/2023	13/11/2023	BE0312793657	07/03/2024		
			BE0312797690			07/11/2024
05/12/2023	07/12/2023	11/12/2023	BE0312793657	07/03/2024		
12/12/2023	14/12/2023	18/12/2023	BE0312793657	07/03/2024		
			BE0312797690			07/11/2024