



KINGDOM OF BELGIUM – Belgian Debt Agency

# Economy & Public Finances Debt Management Strategy

Presentation to investors  
April 2024

# Executive Summary

- Belgium's GDP is expected to **increase** by **1.4%** in **2024** (Federal Planning Bureau, 02/2024), after having grown by 1.5% in 2023. Both Business and Consumer Confidence indicators are close to their long-term averages.
- Belgium's **unemployment rate** stands at **5.5%** (February 2024). In Q4 2023, Belgium's **job vacancy rate** was **4.4%**, the then **highest** of the **EU**.
- In **2023**, Belgium's government deficit would have amounted to **-4.20%** of GDP (National Bank of Belgium, 02/2024). The **2024** deficit is expected to amount to **-4.40%**.
- Belgium's debt ratio is expected to have increased to **105.2%** (because of the cash surplus created by the 1-year State Note, which was accounting for 1.5% of GDP) and would **increase** to **106.2%** in **2024** (Federal Planning Bureau, 02/2024).
- Belgium has one of the highest net international investment positions (53.6% of GDP in 2022) of the EU. The net financial wealth of the Belgian households amounts to EUR 1,203 billion or 208% of GDP.
- The **2024 funding plan** foresees a long-term issuance of **45.00 billion euro**, of which **41.00 billion euro of OLOs**. As of April 12, **26.0 billion euro** or **57.8%** of this plan is executed.
- The **1-yr state note issuance** is anticipated to amount to **13.50 billion euro**.



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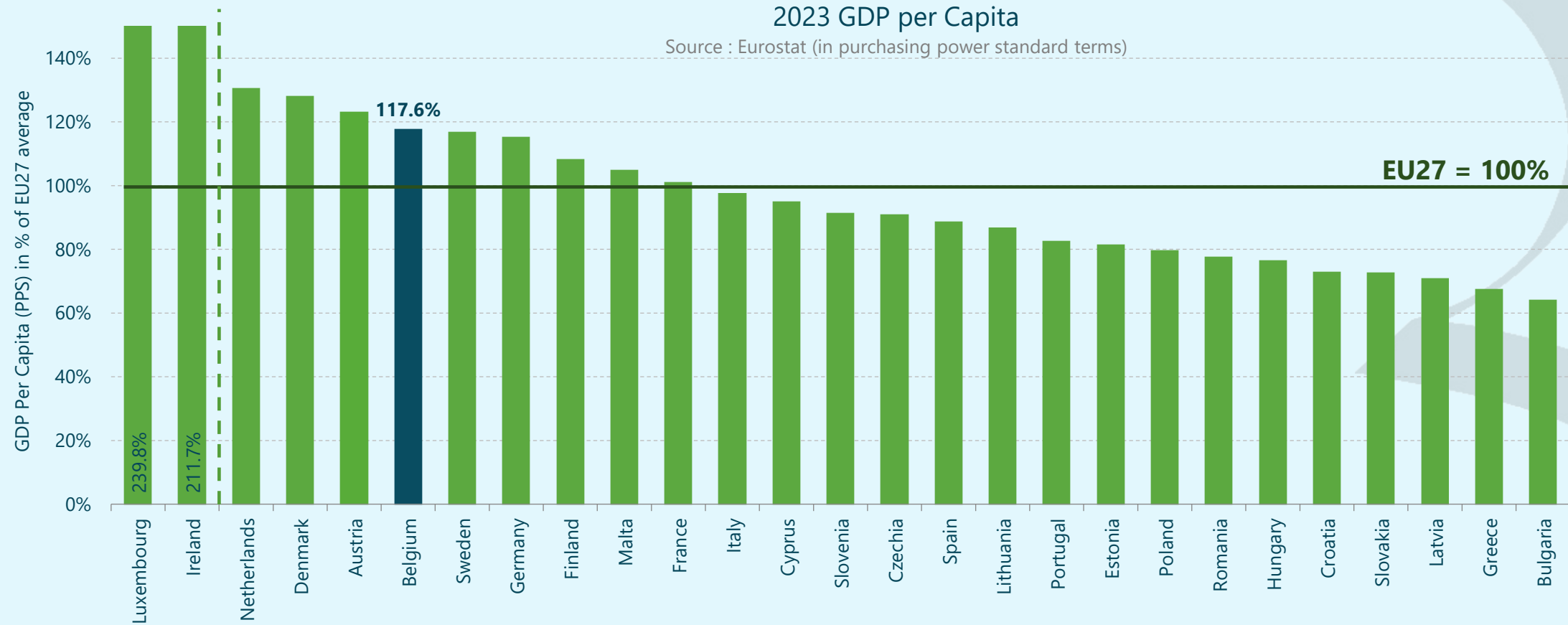


# 1. The Belgian Economy



# Belgium's GDP per capita has advanced further in comparison with EU countries

In 2023, Belgium's GDP per capita was 17.6% higher than the EU average. Belgium ranks 6<sup>th</sup> in the EU in this respect (\*).



(\*): If both Luxembourg (high foreign workforce), and Ireland (whose GNI is a better measure for its economy than its GDP) are excluded, **Belgium ranks 4<sup>th</sup>**.

# Belgium's economy has indeed grown by 1.5% in 2023 (and would grow by 1.4% in 2024)

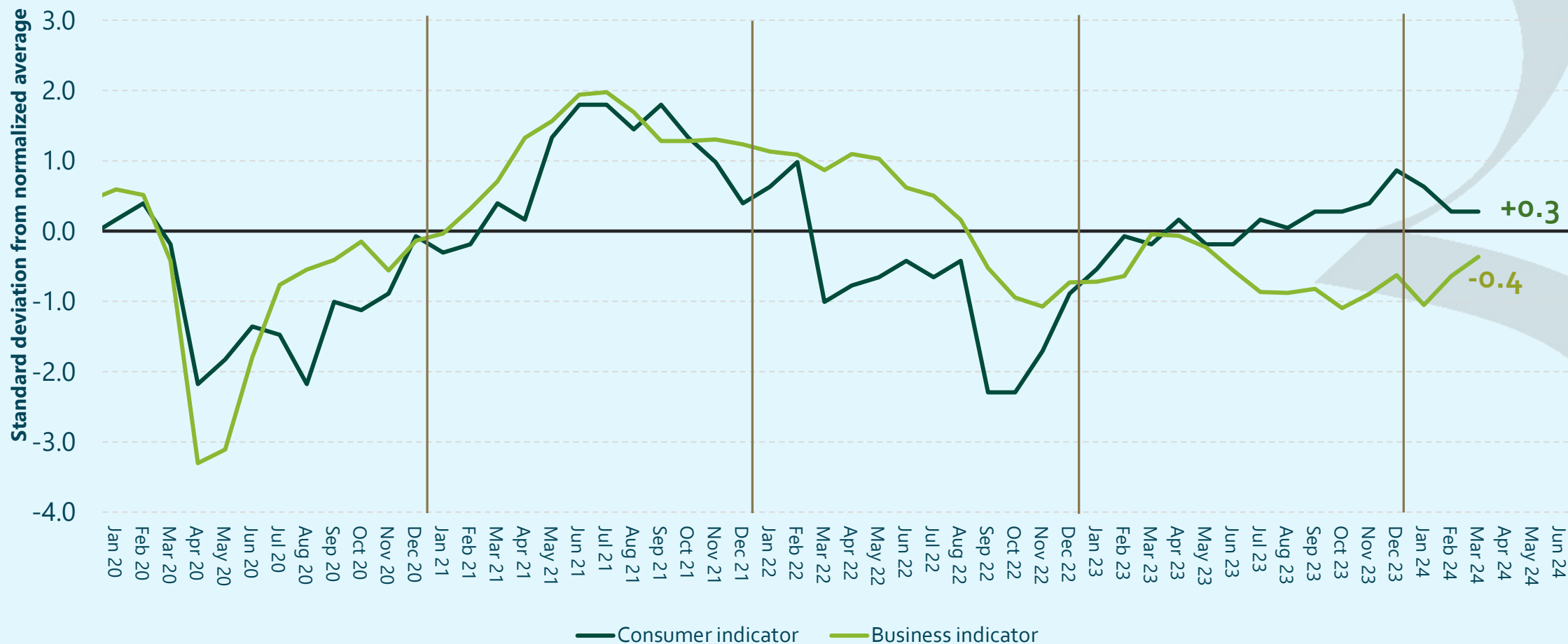
	2020	2021	2022	2023	2024f <sup>(1)</sup>
<b>GDP-growth y/y</b>	<b>-5.4%</b>	<b>+6.1%</b>	<b>+3.2%</b>	<b>+1.5%</b>	<b>+1.4%</b>
Private consumption y/y	-8.3%	+5.5%	+4.1%	+1.5%	+1.8%
Government consumption y/y	+0.0%	+4.8%	+3.2%	+0.0%	+0.7%
Investment (capital) y/y	-5.1%	+4.9%	-0.8%	+5.6%	+3.6%
Net export contribution	+0.4%	+0.7%	+0.2%	-0.8%	-0.4%
<i>Savings ratio</i>	20.2%	15.5%	12.4%	14.6%	14.9%
Euro area growth rate	-6.1%	5.3%	3.5%	0.5% <sup>(2)</sup>	0.8% <sup>(2)</sup>
<i>Belgium compared to EA-20</i>	<b>+0.7%</b>	<b>+0.8%</b>	<b>-0.3%</b>	<b>+1.0%</b>	<b>+0.6%</b>

Source: (1) Federal Planning Bureau, February 2024  
(2) EC Winter forecast, February 2024

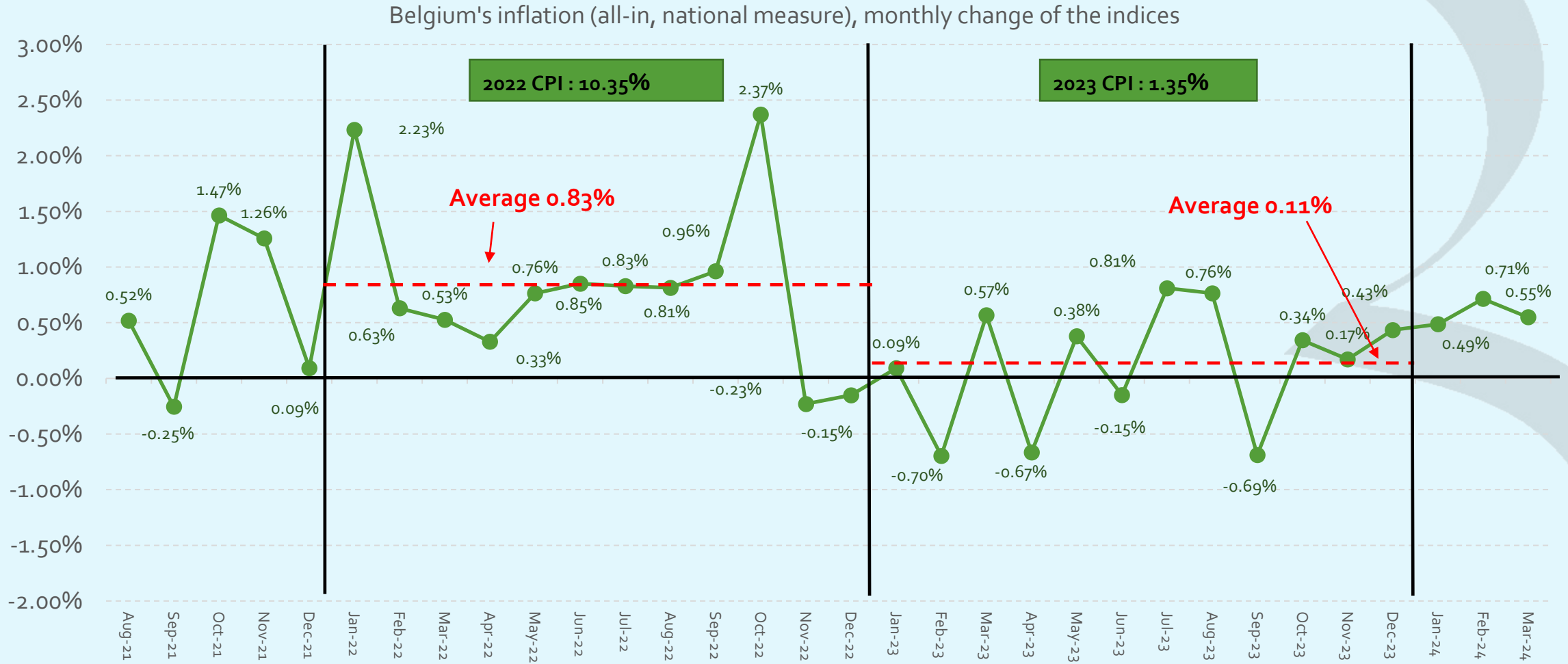


# Business and consumer confidence are both close to their long-term average

Business and Consumer Confidence Indicators (2020-2024 YTD, normalized)

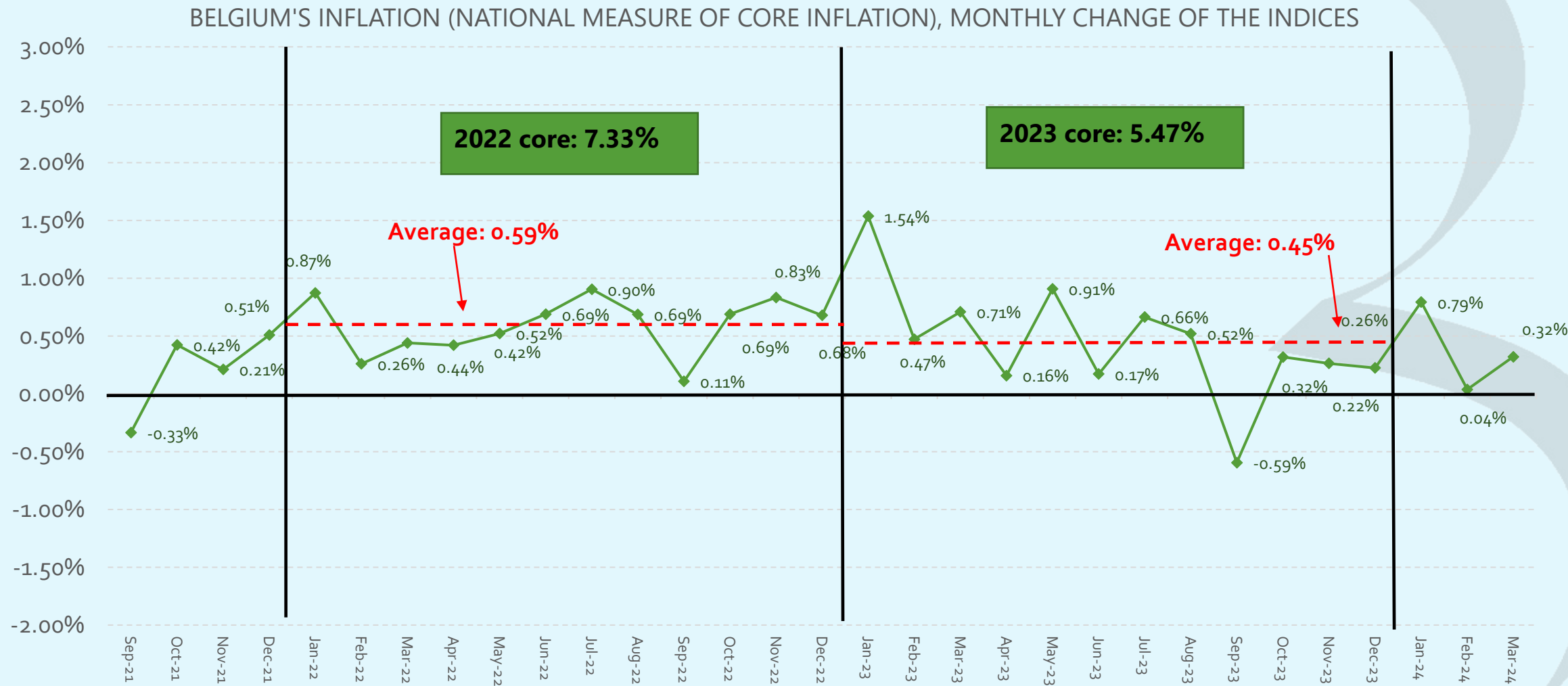


# Consumer price inflation declined sharply in 2023, but remains quite elevated in 2024

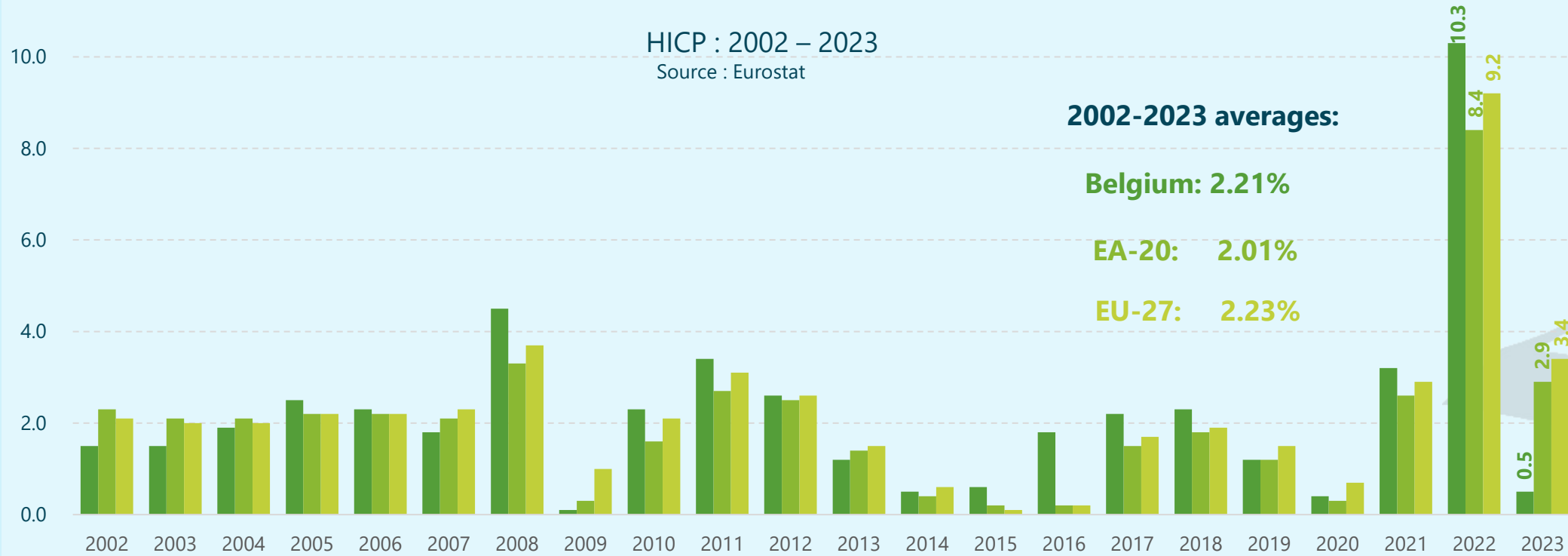




# Core inflation, on the other hand, continues trending downward



# Belgium's inflation is on average comparable to the one of the EU/EA

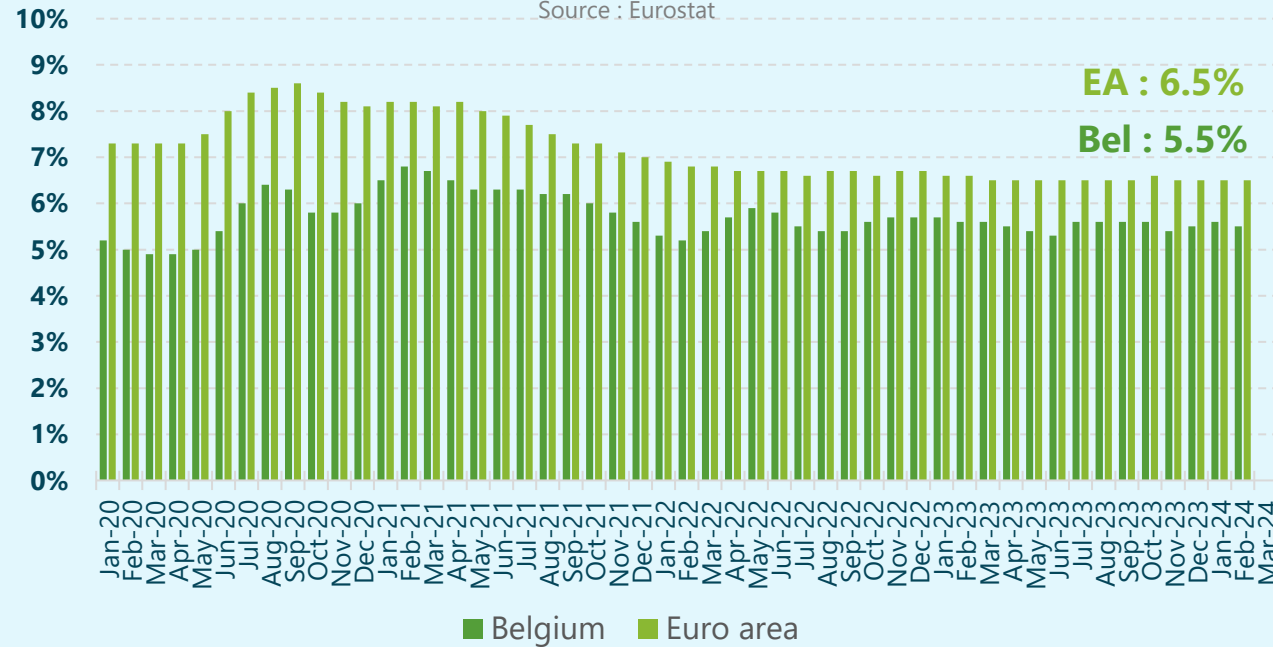


- Belgium's system of mandatory wage indexation does not seem to lead to extra inflation.
- In 2023, Belgium had one of the lowest inflation figures of the EU

# The labour market continues to perform

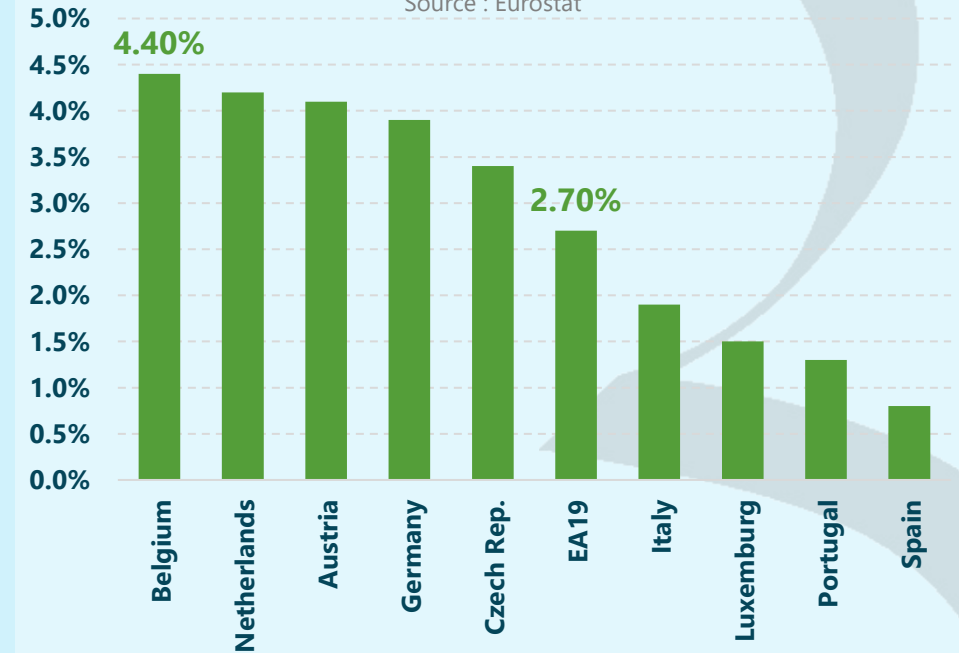
## EU Harmonized Unemployment Rate

Source : Eurostat



## Job Vacancy Rate, Q4 2023

Source : Eurostat



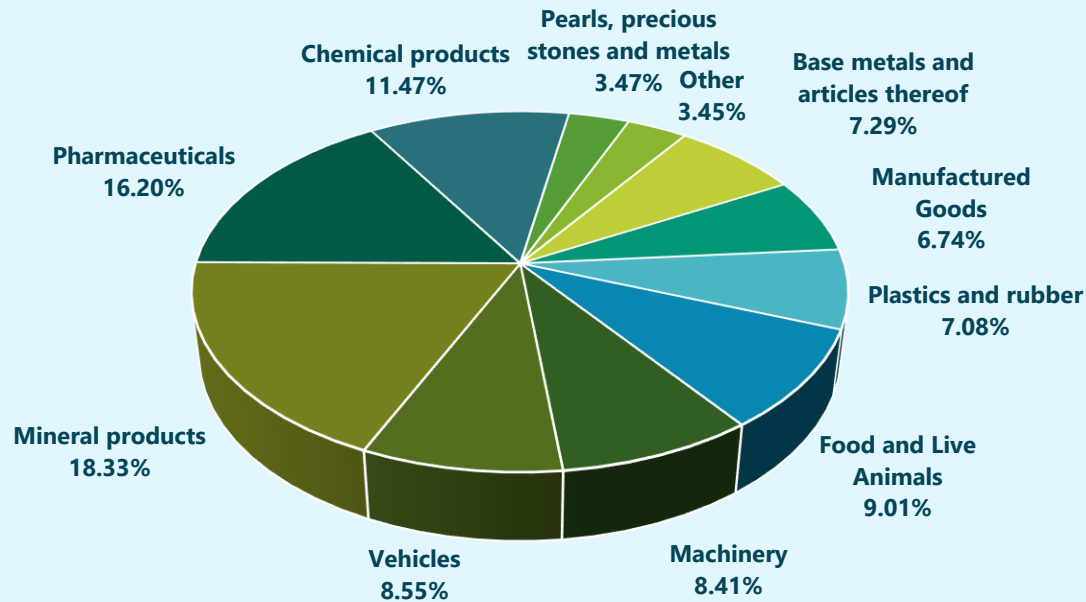
- Belgium's unemployment rate remains at a low level, at 5.5%.
- In 2022, employment increased by 101K (an absolute record since 1953). It has further increase by 40K in 2023. The harmonized employment rate for the 20-64 yr. old rose to 72.3% as per end September 2023.

- In Q4 2023, Belgium had the highest job vacancy rate (4.40%) of the EU.

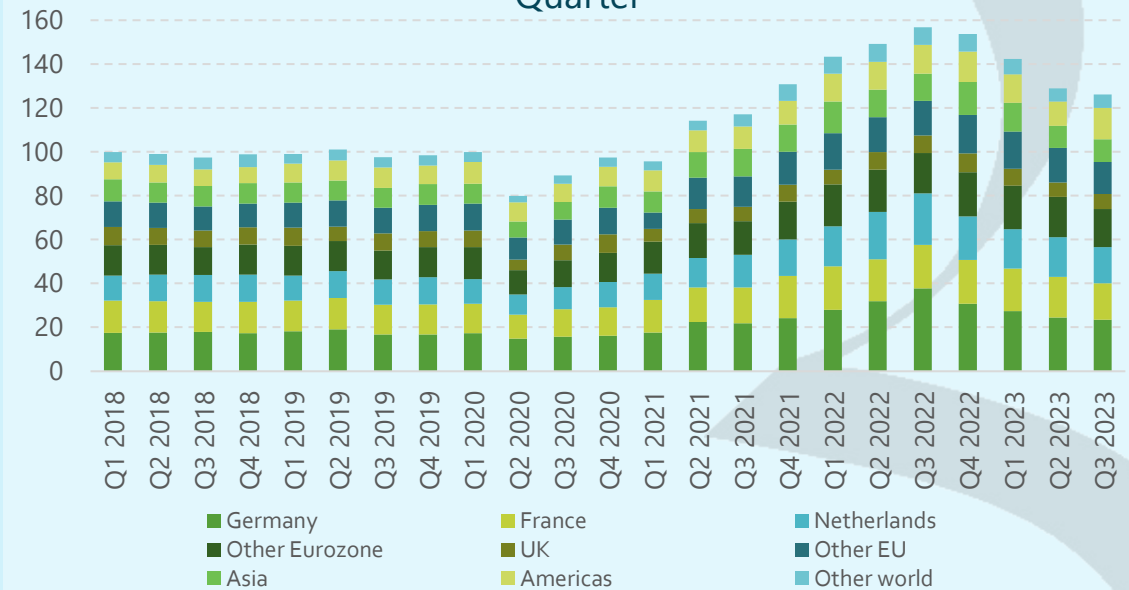
# Belgium has a diversified and open economy, evidence of which is given by its exports

Export Mix, 2022

Source : National Bank of Belgium



Volume and Geographical Orientation of Exports per Quarter

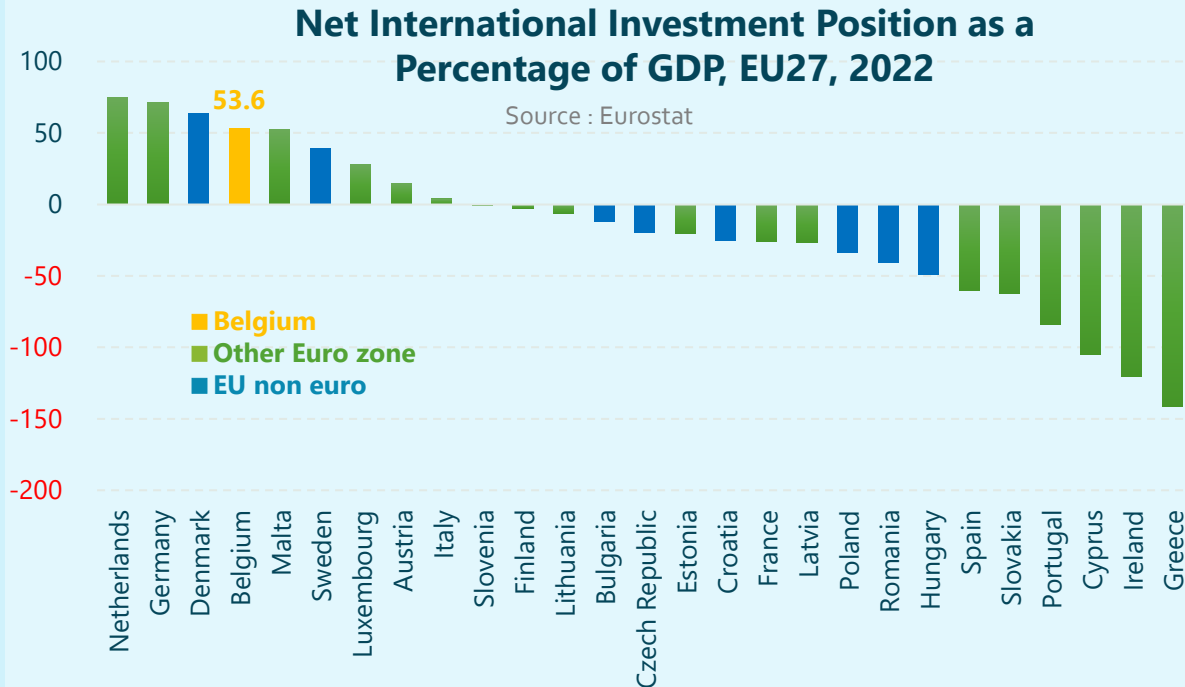


- Belgium's exports are a mix of cyclical (chemical products, machinery) and non-cyclical (pharmaceuticals, food) products.

- Exports have strongly increased since Q1 2021, part of it is explained by high energy prices (import-export of mineral oil and gas).
- 44.8% of exports go to the three neighbouring countries.
- Exports to the UK decreased to 5.4% of total ( $\pm 7.5\%$  before).

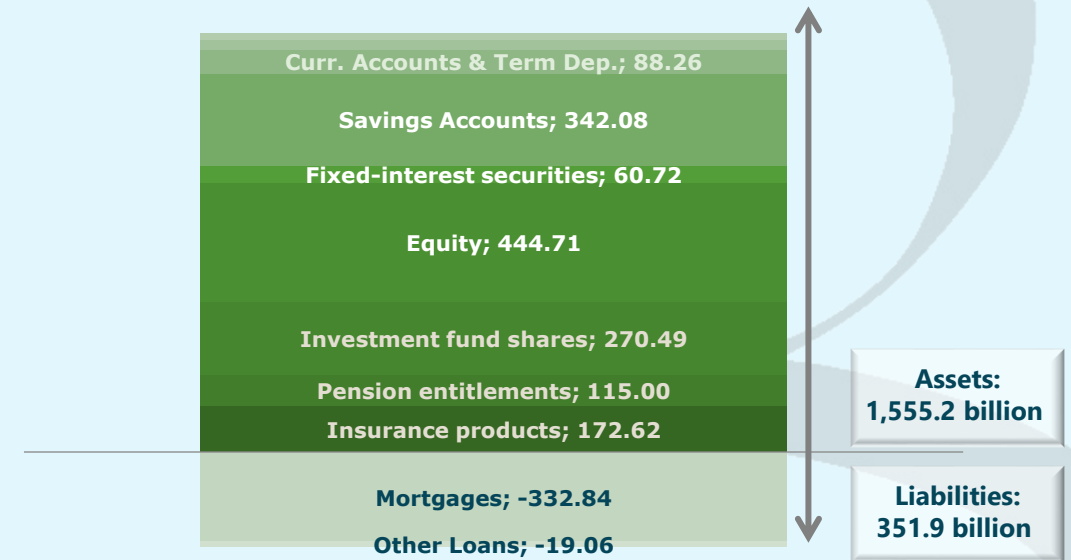
# Belgium has maintained a positive net international investment position

The net household wealth is also still elevated.



- Belgium's favorable net international investment position was maintained at a high level.

## Net Financial Assets of Belgian Households, Q4 2023, in billion euro

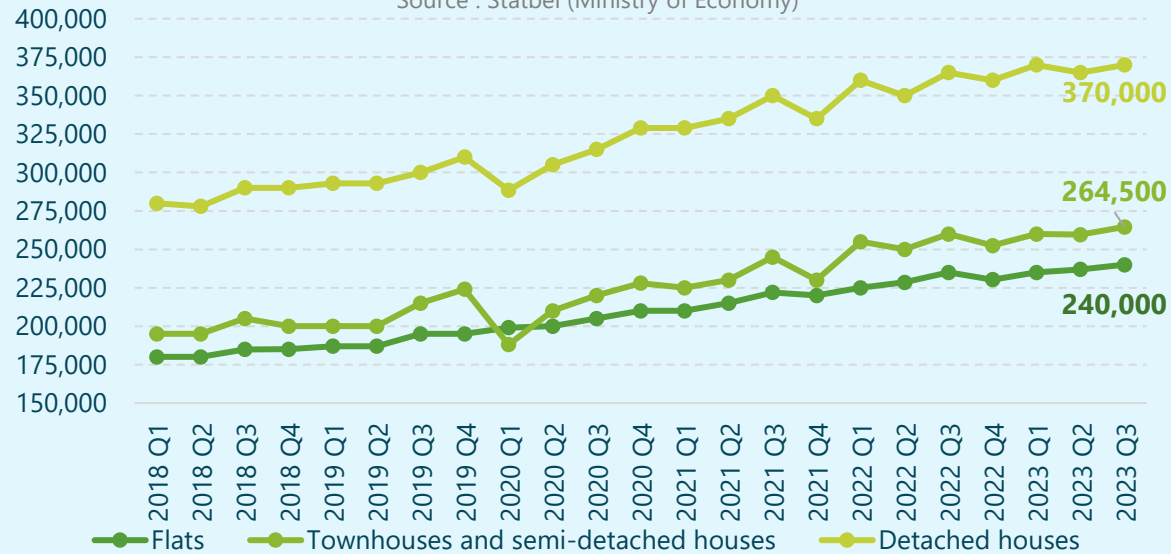


- Net household financial wealth now amounts to 1,203 billion euro, or **208% of GDP**.
- Total net household wealth (including real estate) was estimated at EUR 2,944 billion on 31 December 2021.

# Housing prices continued to increase in 2023, but at a slower pace

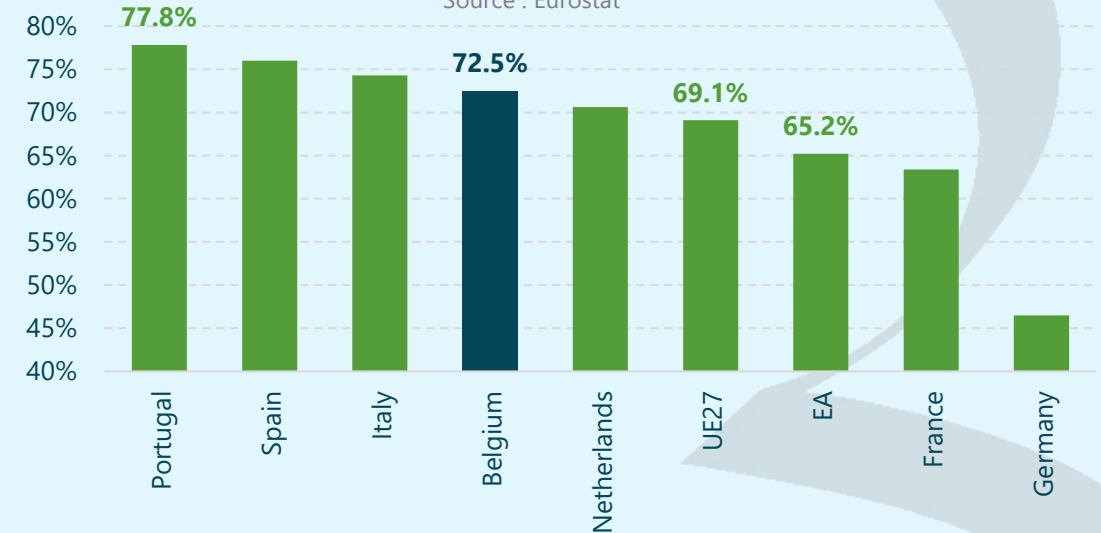
## Median House Prices, 2018 – 2023Q3

Source : Statbel (Ministry of Economy)



## Ownership Rate, 2022

Source : Eurostat



- The number of real estate transactions was sharply lower in 2023 (-35% compared to 2022):

2021 S1	2022 S1	2023 S1
59,970	77,194	50,531

Source : Statbel (Ministry of Economy) & NBB

- Mortgage loans**

	2022	05/2023
Non-performing	0.66%	0.63%

At the end of 2022, **75%** of mortgage loans had a **fixed** rate

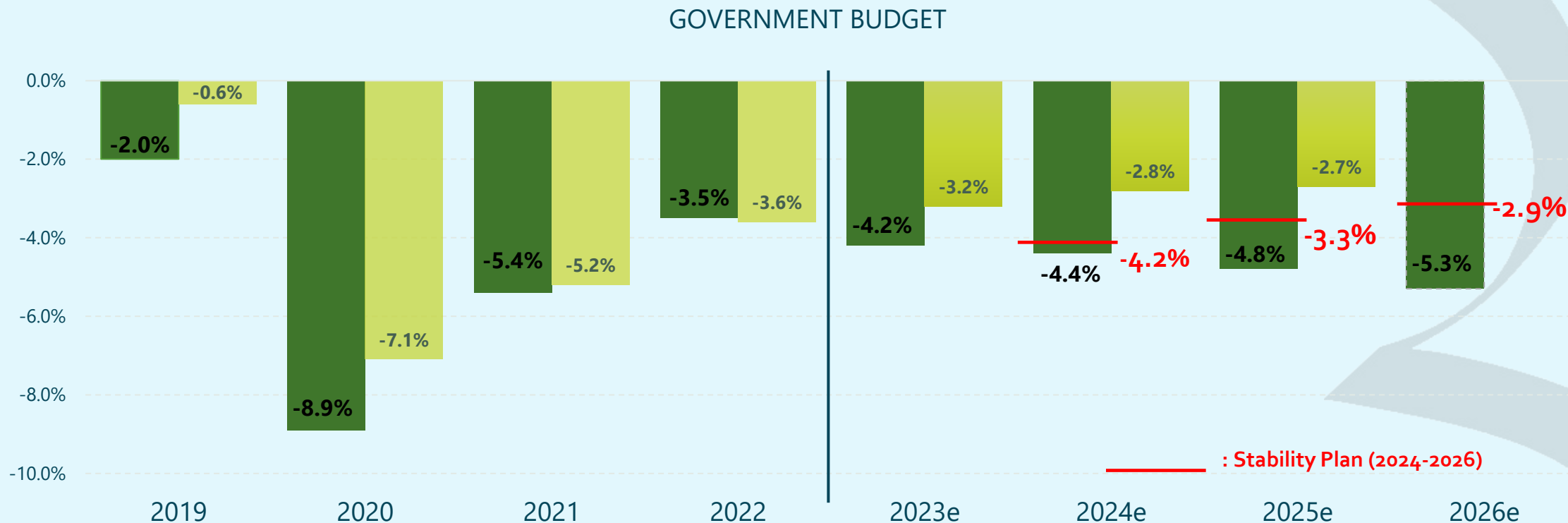
Source : National Bank of Belgium

## 2. Public Finances





## Belgium's government deficit has widened in 2023. It is expected to almost stabilize in 2024.



2023<sup>e</sup> (B): National Bank of Belgium, annual report, 03/2024

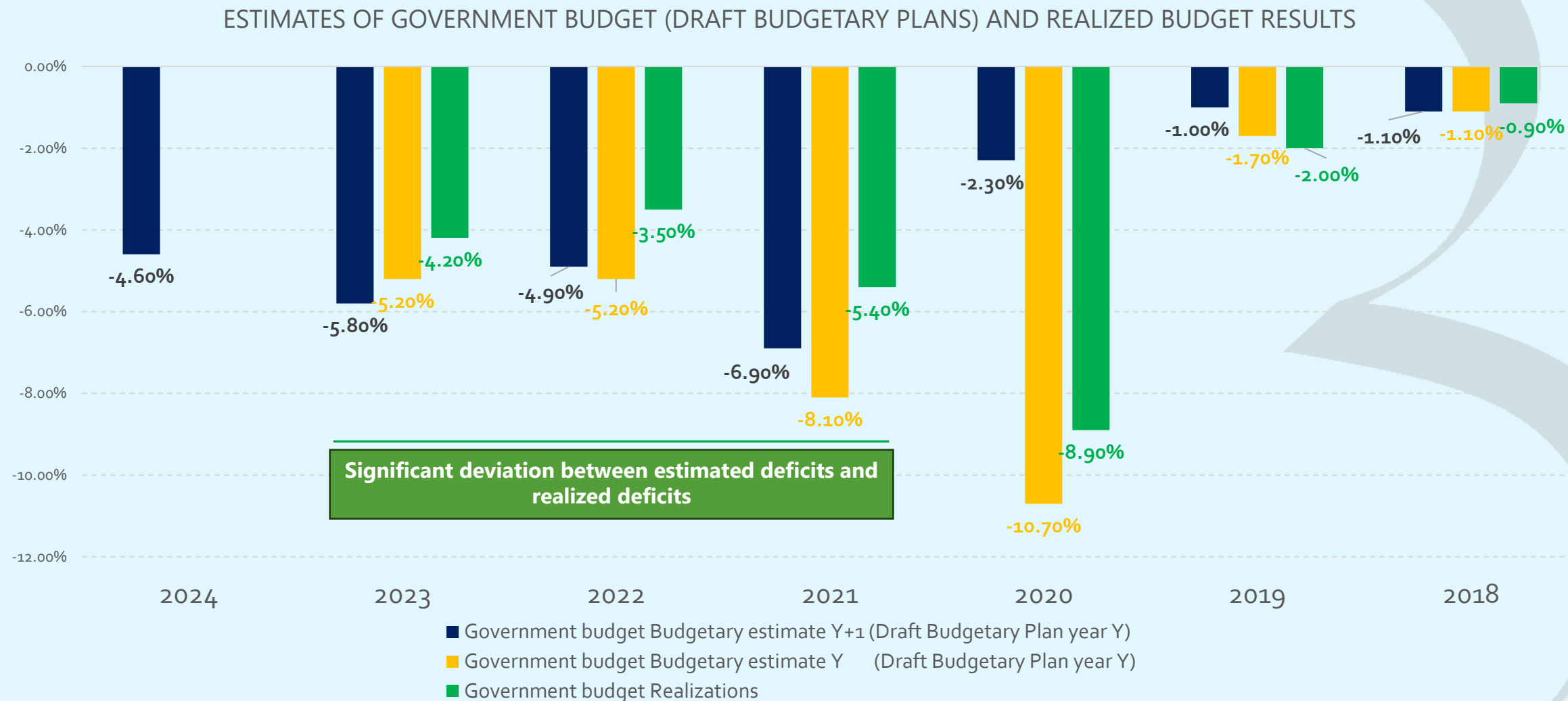
2024<sup>e</sup> – 2026<sup>e</sup> (B): Monitoring Committee for the Budget, 03/2024

2023e – 2026e (EA): EC Autumn forecast, 2023

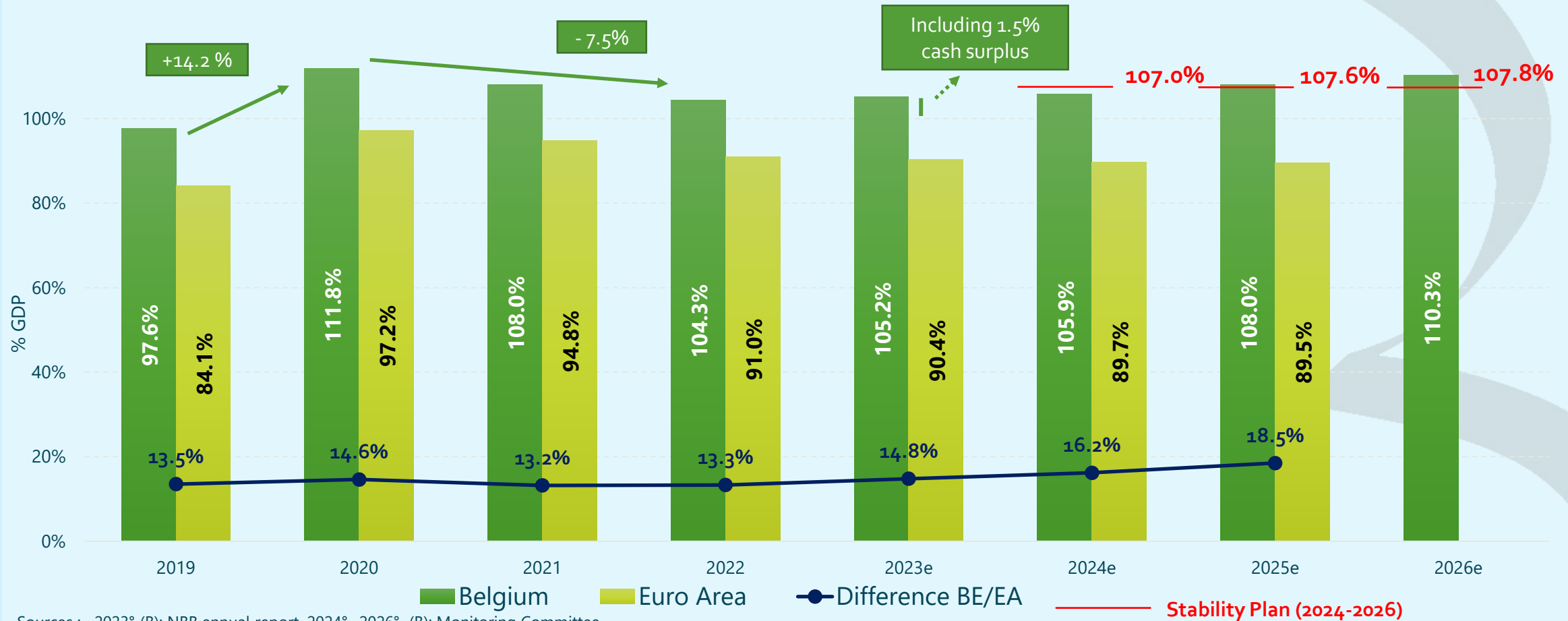
- Belgium's deficit widened because of continued stimulus (reduced social security contributions for employers), ageing costs, higher minimal social benefits, indexation of wages and social benefits and job creation in the public sector
- The improvement of Italy's deficit in 2023 (statistical treatment of renovation support) was a big driver for the improved EA budget deficit in 2023.

# The government's budgetary estimates were usually way too conservative in the past

The difference between realizations and budgetary plans was around 1.40% to 1.60% in 2021/2022/2023



Belgium's debt ratio would have increased by 1.0% in 2023. It would increase further, by 0.6%, in 2024.

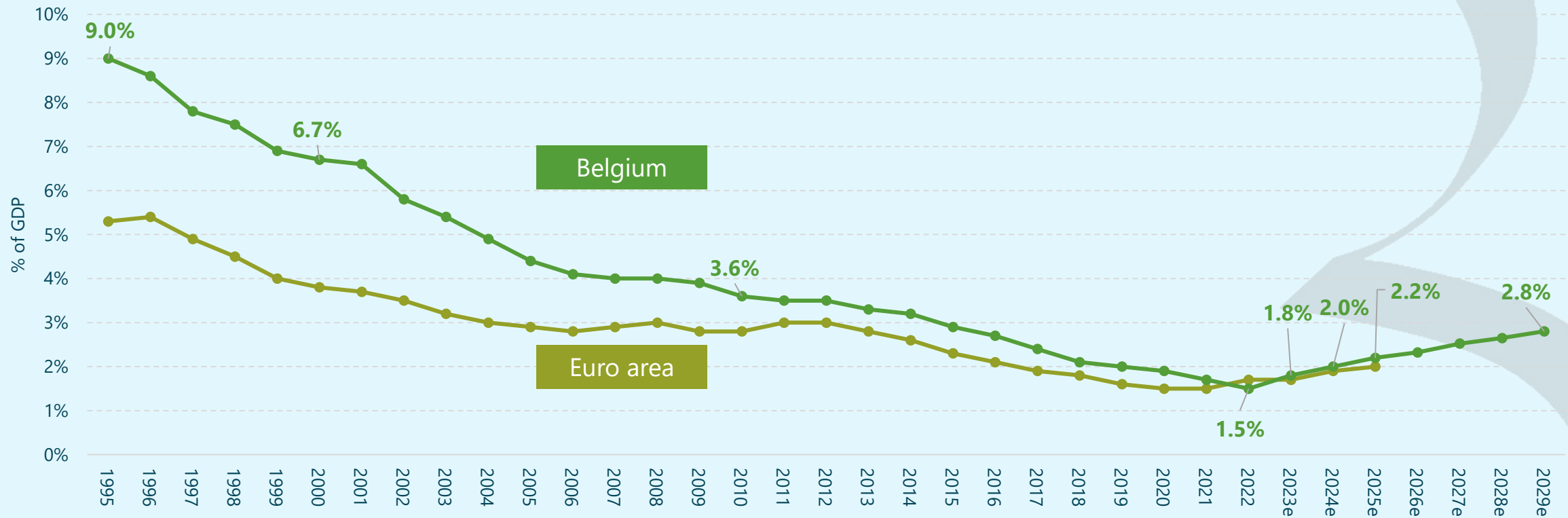


Sources : 2023° (B): NBB annual report, 2024° -2026° (B): Monitoring Committee  
,(EA): EC autumn forecast

- The increase in 2023 is entirely due to the cash surplus that resulted from the successful State Note issuance (1.5% of GDP).
- Cash holdings and financial investments are indeed not deductible from gross debt.

# Debt servicing costs have strongly decreased over the last 25 years, but are rising again now

YEARLY DEBT SERVICING COSTS (% OF GDP): BELGIUM AND THE EURO AREA



Sources : 2023e-2029e (B): Federal Planning Bureau, 2023e - 2025e(EA): EC autumn 2023 forecast

- Belgium's debt servicing costs would increase from 1.8% of GDP in 2023 to 2.8% in 2029.
- Interest rate assumptions: 10-yr rate at +/- 3.0% in 2024-2029, 3-month rate at around 2.2% from 2025 onwards

# Belgium has high credit ratings, with stable outlooks for most of them

	Long term rating	Outlook	Most recent report	Next report(s)
Standard & Poor's	AA	Stable	17 March 2023 (*)	26/04/2024 25/10/2024
Moody's	Aa3	Stable	02 November 2023 (**)	12/04/2024 11/10/2024
Fitch Ratings	AA-	Negative	16 February 2024	16/08/2024
DBRS	AA	Stable	26 January 2024	26/07/2024

(\*): on September 15<sup>th</sup>, S&P published a credit report, but no rating action was considered

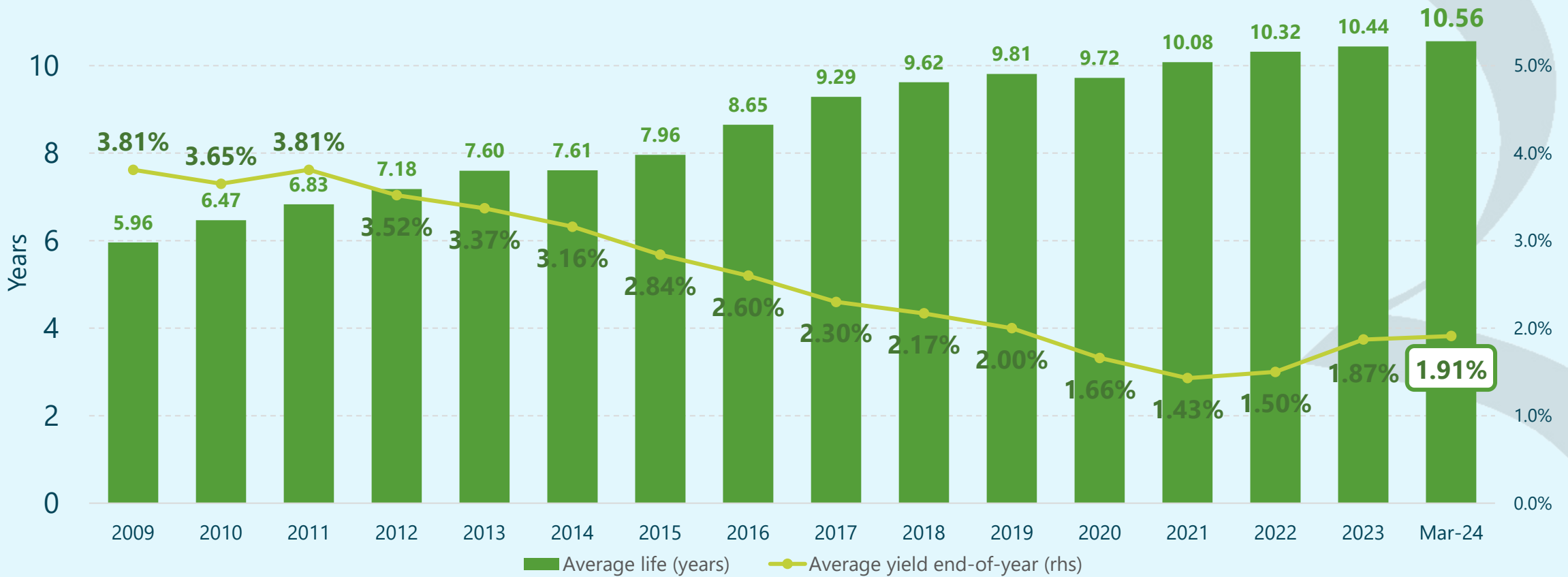
(\*\*) on November 2<sup>nd</sup>, Moody's published a credit opinion, but no rating action was considered

- Fitch maintained its negative outlook in September 2023 and in February 2024.
- Belgium - created in 1830 - has never defaulted (for a comparison with other countries see C.M. Reinhart and K.S. Rogoff, This time is different – Eight centuries of financial folly, Princeton, 2009, p. 99).

# 3. Debt Management Strategy



## The Debt Agency keeps the average life of the debt portfolio at a high level



- The minimal average life was maintained at 9.25 years in 2024. The average maturity is now 1.31 year longer than required.

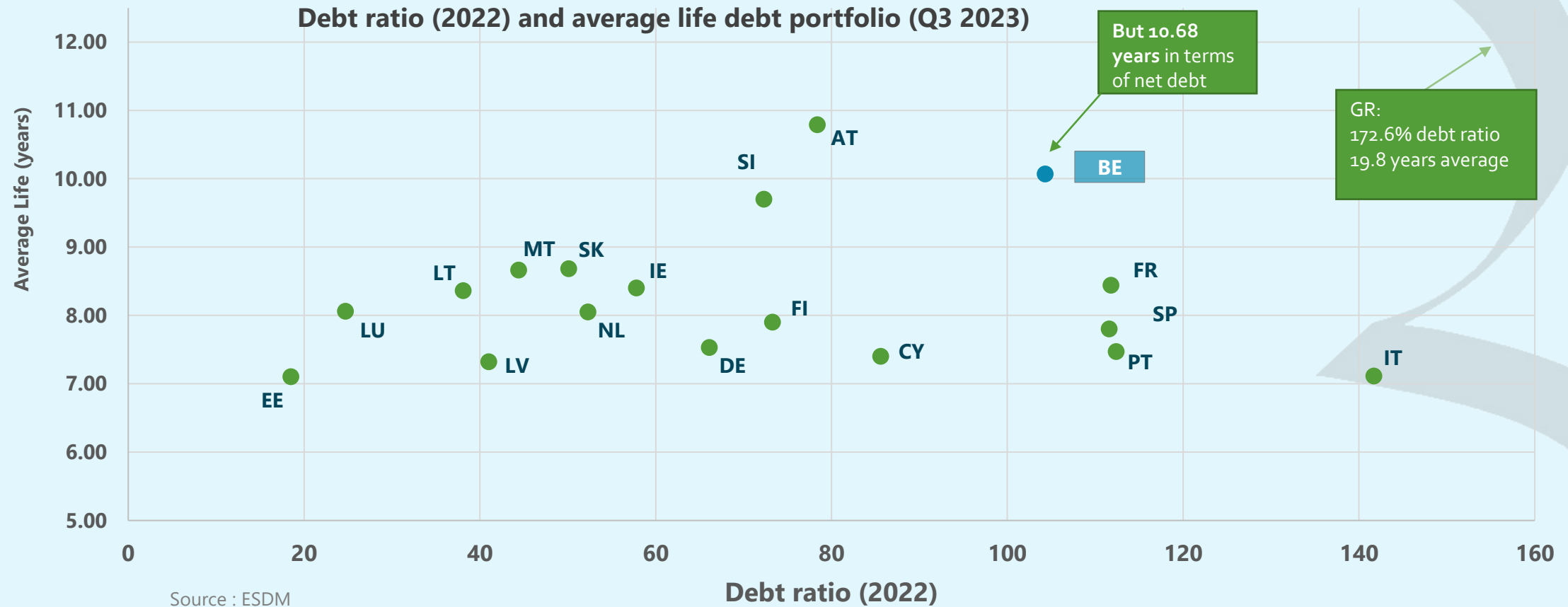


## The government debt's risk limits are unchanged in 2024

	2024	2023	2022	2021	2020
Minimal average life	<b>9.25 years</b> (Mar 2024 : 10.56 years)	9.25 years	9.25 years	<b>9.25 years</b>	9.00 years
Maximum 12-month refinancing risk	<b>17.50%</b> (Mar 2024 : 14.87%)	17.50%	17.50%	17.50%	17.50%
Maximum 12-month refixing risk	<b>17.50%</b> (Mar 2024 : 15.31%)	17.50%	17.50%	17.50%	17.50%
Maximum 60-month refinancing risk	<b>42.50%</b> (Mar 2024 : 39.68%)	42.50%	42.50%	42.50%	42.50%
Maximum 60-month refixing risk	<b>42.50%</b> (Mar 2024 : 40.12%)	42.50%	42.50%	42.50%	42.50%

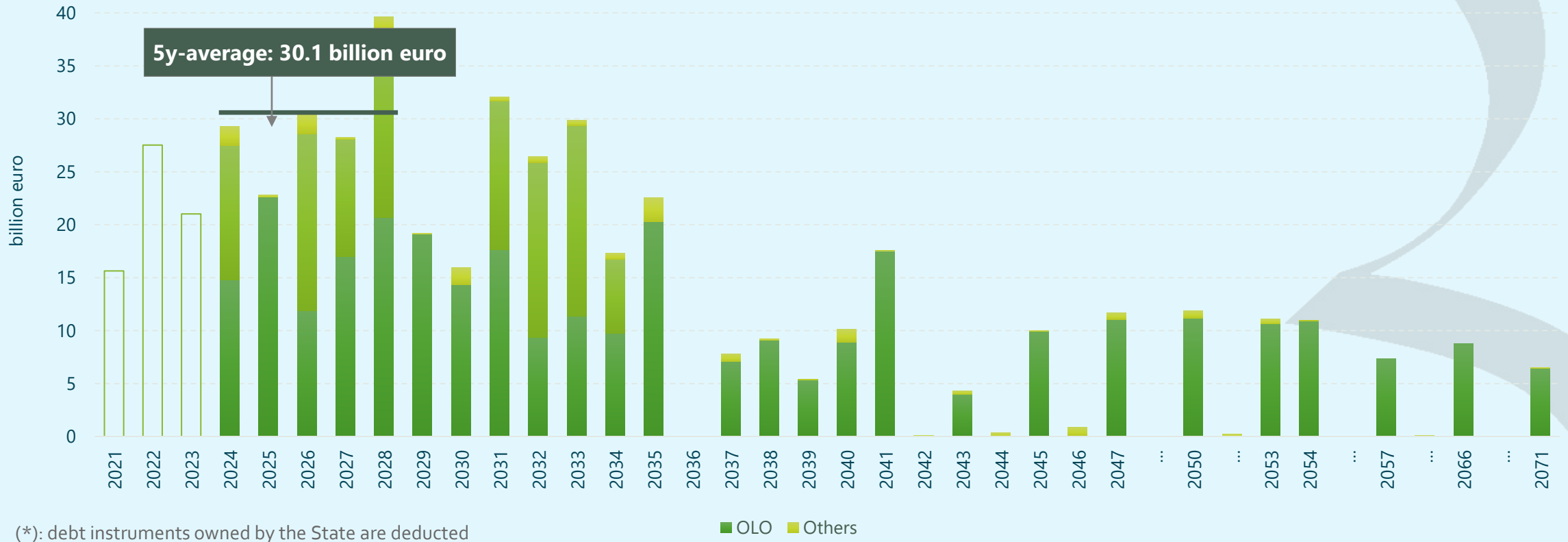
- There is currently a significant margin for the average life and the 12/60-month refinancing/refixing limits

## Belgium's debt has the highest average life of all but one of the most indebted EA-19 countries



- The ESDM methodology for calculating the average life of the government debt is different from Belgium's methodology, leading to lower figures of the average life (Belgium measures the average life of the net debt, which is 10.68 years).

## The redemptions of long-term debt are consequently limited in size



- On average, in 2024-2028 redemptions amount to **30.1 billion euro**, equivalent to **5.0%** of 2024 GDP.

## This should lead to manageable gross funding requirements in the future

	2023e	2024e	2025e	2026e
Net borrowing	27.40	21.48	16.31	14.69
Redemptions	21.13	29.27	20.19	26.10
Pre-funding	0.40	1.50	4.32	2.71
Other	0.10	0.67	-	-
<b>Gross Borrowing Requirements</b>	<b>49.04</b>	<b>52.92</b>	<b>40.82</b>	<b>43.50</b>

- Net borrowing is the one included in the government budget for 2024 and in the Stability Program 2023-2026 for the years 2025-2026.

# 4. The 2024 Funding Plan



# In 2024, long-term issuance would be stable compared to 2023

(figures in EUR billion)	2023	2024	2024
	<i>Realizations</i>	<i>Plan</i>	<i>12/04</i>
<b>Financing Requirements</b>	<b>49.04</b>	<b>52.92</b>	
Net financing requirements	27.40	21.48	
Redemptions of MT/LT debt	21.13	29.27	
Pre-funding (buy backs)	0.40	1.50	
Other financing requirements	0.10	0.67	
<b>Funding Means</b>	<b>45.25</b>	<b>45.00</b>	<b>26.00</b>
OLO issuance	44.82	41.00	24.79
EMTN issuance & Schuldscheine	0.00	2.00	1.20
State Notes	0.43	2.00	0.01
<b>Change in short term debt</b>	<b>3.79</b>	<b>7.92</b>	
Treasury Certificates	-13.60	4.72	
1-yr State Notes	21.89	-8.40	+0.41
Other ST debt and assets	-4.51	11.60	

Gross borrowing increases by EUR 3.88 billion

Stable long-term funding & less OLO issuance

57.8% done yet

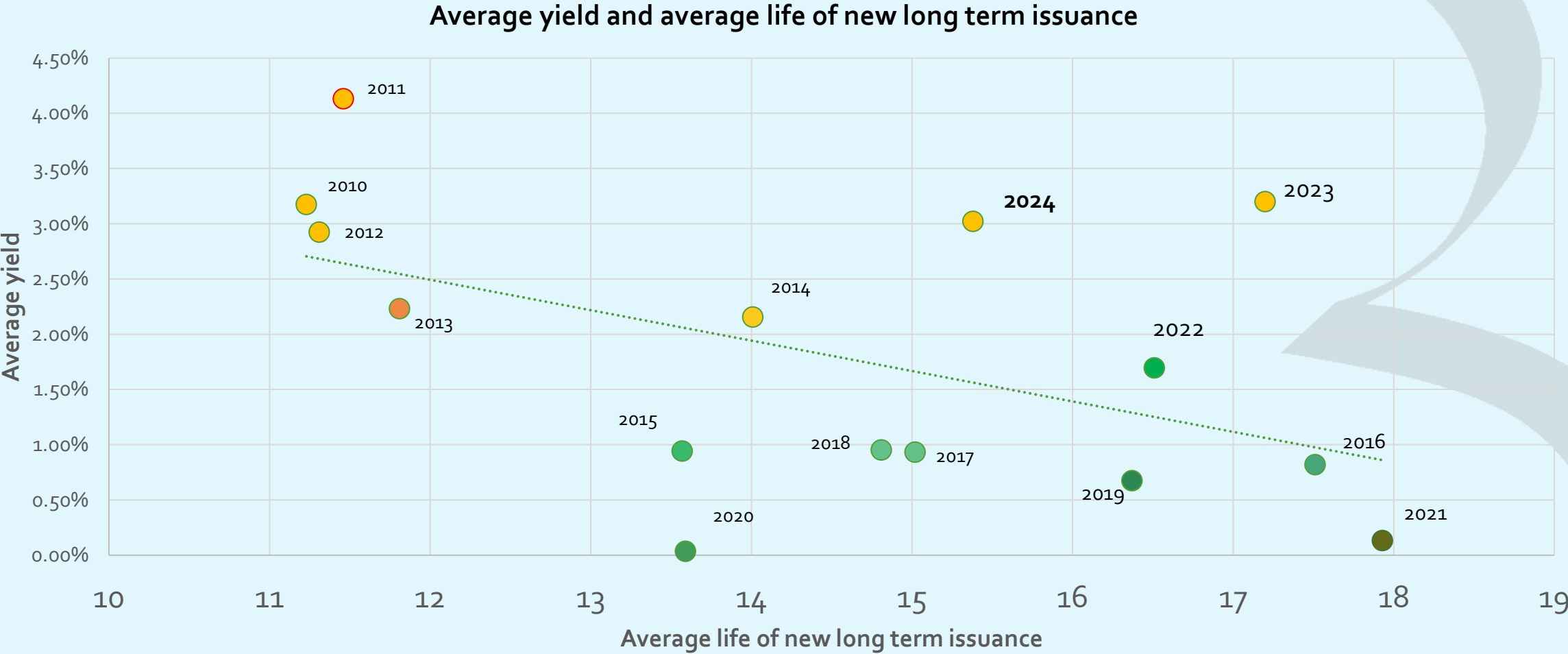
Increase in outstanding amount of Treasury Certificates, decrease of 1-yr State Notes and almost full use of cash surpluses

## Main elements of the 2024 funding strategy

- **Three** new fixed-rate OLO benchmarks via syndications:
  - a new 10-year benchmark → *7.0 billion 10-year done*
  - a medium term maturity → *7.0 billion 5-year done*
  - a long term maturity → *5.0 billion 30-year done*
- Re-opening of existing lines through **Auctions**, based on market demand, **11** times throughout the year.
  - *One auction held, three skipped and 7 remaining (May-November)*
- **Optional Reverse Inquiry** (ORI) facility again possible. **8** times throughout the year, for a maximum of EUR 500 million (max. 2 lines).
- **Both** existing **Green** OLOs can be reopened in the OLO auctions and in the ORI facility, estimated amount of green expenditures for 2024: 4.5-5.0 bn.
- **EMTN** (including inflation-linked) and **Schuldscheine** for EUR 2.0 billion, subject to competitive funding levels
  - *1.200 billion done*
- **State Notes** (retail product) for EUR 2.0 billion (4 times throughout the year).
- **Increase** of outstanding amount of **Treasury Certificates** to **EUR 25.0 billion**
- **1-yr State Note** issuance anticipated at EUR 13.50 billion → *0.413 billion done*



# 2024 new issuance: lower average maturity and somewhat lower cost compared to 2023



# The 2022 Green OLO Framework

## Press Releases

11/11/2022  
Federal Government Debt at the end of October 2022

10/11/2022  
Belgian issuance programme for the end of 2022

08/11/2022  
Results of the Treasury certificates auction of 08/11/2022

[All press releases](#)

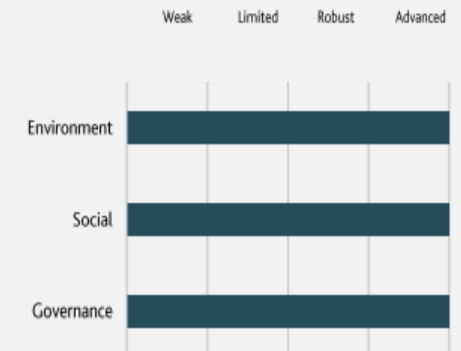


- New Green OLO Framework, published in June 2022.
- Following the current best Green Bond market practices:
  - ICMA Green Bond Principles;
  - Definitions eligible expenditures aligned with EU Taxonomy & Delegated Acts
- Second Party Opinion by Moody's ESG Solutions
  - Advanced ESG performance
  - Advanced contribution to sustainability issues.
- Clean transportation remains the main green sector with 92% of the allocation.
- Investments in activities related to nuclear, armament and fossil fuel are excluded.
- The Green OLO framework and allocation reports are available on the website of the BDA.

## ESG Performance as of November 2021



Advanced Limited Robust Weak

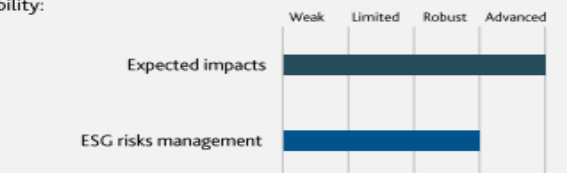


## Framework

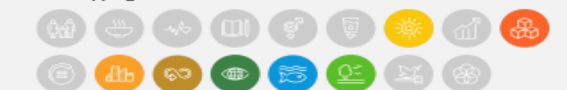
### Contribution to Sustainability:



Advanced Limited Robust Weak



### SDG Mapping



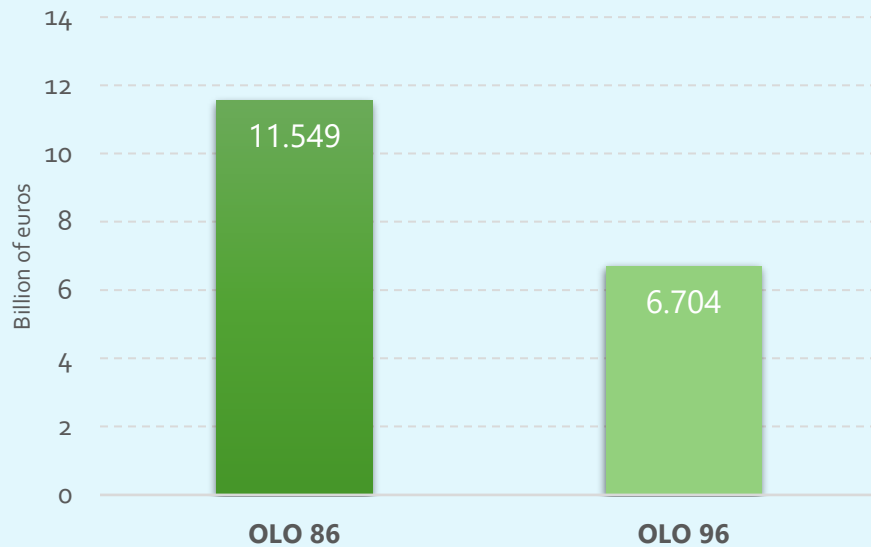
Subject to the provisions of this report, Moody's ESG Solutions considers that the criteria of 2 economic activities of 1 Eligible Category are defined in accordance with the EU Taxonomy Criteria (as defined in the Scope section of this report).

# Combined **Allocation** and **Impact** report

## Two-dimensional reporting for 2022

- Allocation and impact are found in the same report for 2022
- The 2022 report covers both OLOs (OLO 86 and OLO 96)
- The 2022 report is available on the website of the BDA
- Data available in a spreadsheet on the website of the BDA

OLO 86 (20233) and OLO 96 (2039)  
Outstanding as of April 12, 2024



Expenditures	Allocated amounts 2022 (Mio EUR)	Period covered by the assessment	Assessed impact	Impact Assessment (kt)
SUBSIDIES TO THE SNCB - CAPEX (M7 PURCHASE)	526	Impact over all the lifetime of M7 trains (45 years)	Avoided GHG emissions	154
SUBSIDIES TO INFRADEL - CAPEX (MAINTENANCE OF RAILWAY INFRASTRUCTURE)	775	Impact over the lifetime of the maintenance investments (40 years)	Avoided GHG emissions	636
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION - PUBLIC TRANSPORT	267	2022	Avoided GHG emissions	242
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION - BICYCLE	68	2022	Avoided GHG emissions	42
REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	51	2022	Avoided GHG emissions	135
			Avoided extracted materials (sodas, sand, lime)	(179)
			Avoided glass in the environment	(7)
CONTRIBUTIONS TO DEVELOPMENT COOPERATION	196	2022	Qualitative assessment	-
<b>TOTAL AVOIDED GHG EMISSIONS</b>	<b>1,687</b>			<b>1,209</b>

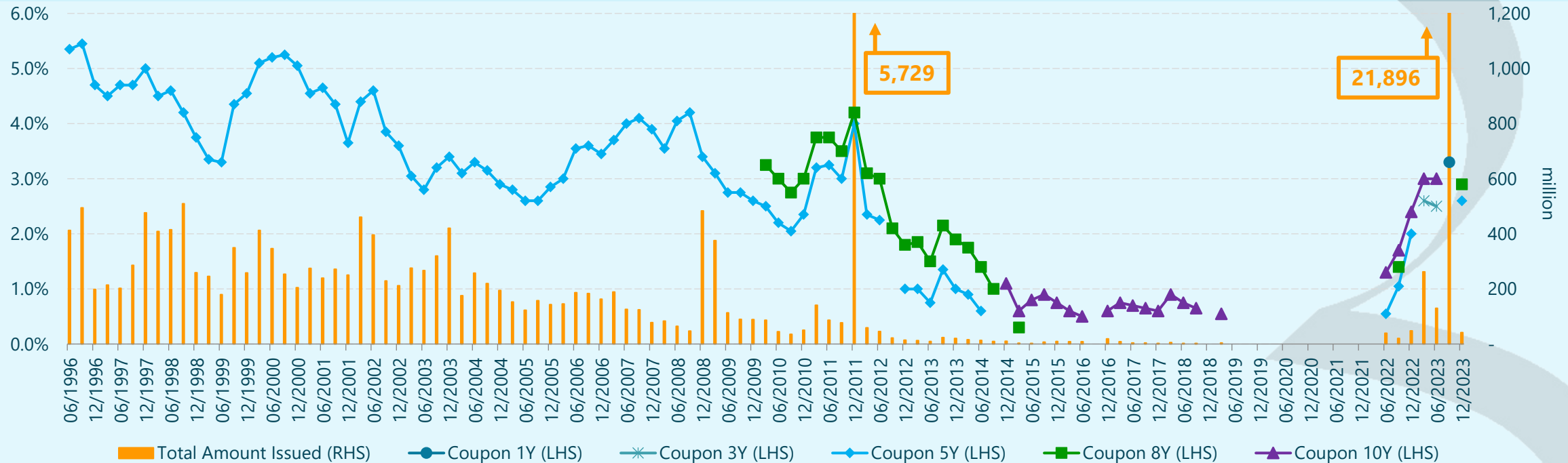
# Green OLO 86 (Allocation report)

Use of proceeds : Allocation reporting 2017-2022

	Expenditures	Green sector	Expenditures amounts (million EUR)	Allocated amounts (million EUR)
			2017-2022	2017-2022
Clean transportation Expenditures	SUBSIDIES TO THE SNCB (BELGIAN RAILWAY EXPLOITATION)	Clean Transportation	4,067.09	3,814.30
	SUBSIDIES TO THE SNCB (INVESTMENT PROGRAMME)	Clean Transportation	2,900.89	2,705.94
	SUBSIDIES TO INFRABEL (EXPLOITATION PROGRAMME)	Clean Transportation	680.97	626.55
	SUBSIDIES TO INFRABEL (INVESTMENT PROGRAMME)	Clean Transportation	5,348.40	4,988.45
	TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	Clean Transportation	1,563.63	1,151.70
Other Expenditures	FEDERAL SUPPORT FOR OFFSHORE WINDFARMS	Renewable Energy	739.76	697.24
	INCREASED TAX DEDUCTIONS FOR GREEN INVESTMENTS	Energy Efficiency/ Circular Economy	350.49	236.60
	REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	Circular Economy	298.27	238.42
	CONTRIBUTIONS TO DEVELOPMENT COOPERATION	Renewable Energy/ Living Resources and Land Use	442.92	410.39
	GREEN INVESTMENTS BY THE SFPI-FPIM	Renewable Energy/ Living Resources and Land Use	164.64	146.18
	GREEN INVESTMENTS BY BIO INVEST	Renewable Energy	124.15	115.23
TOTALS			16,681	15,131

# In September 2023, the 1-year State Note resulted in an amount of EUR 21.9 billion

## Issuance results of the State Notes (1, 3, 5, 8 and 10 years) compared with the coupons (1996-2024)



- Once again, the Belgian private investor demonstrated that he/she was willing to finance the State when he/she feels that the offer is reasonable.
- After more than 3 years of interruption due to too low rates, State notes were reintroduced in June 2022:
  - The 3 campaigns of 2022 recorded a total amount of EUR 108.7 millions.
  - The 4 campaigns of 2023 recorded a total amount of EUR 22.3 billion, of which that of **September (1-year State Note) alone brought in 21.9 billion (!)**
  - The 1<sup>st</sup> campaign in 2024 recorded a total amount of EUR 433.0 millions.

# The State Note is a simple and transparent financial product for households

## The State Note

- A federal government bond that is exclusively available on the primary market to households, non-profit organizations and foundations
- Quoted on the stock exchange
- Issued at par and for a whole number of years (3, 5, 8 and 10) (and now also 1), the coupon being a fixed-rate annual coupon
- In principle 4 issuances per year, each having a 7-day subscription period
- Either directly purchased via the website of the Debt Agency, either through one of the 14 financial institutions that distribute it
- First issuance on 18 June 1996 (412 million euro).

## From time to time, it is extremely popular

### The 1-yr State Note issuance of 4 September 2023

- First time issuance of a 1-year State Note. Coupon 3.30%, withholding tax 15.0% (2.81% net return)
- Massive interest: **21.90 billion euro** issued (previous record: 5.7 billion euro in December 2011)
- Of which **7.1** billion euro or 238,565 subscriptions through the **Agency's website** (one every 3 seconds), and an average subscription of 29,618 euro.
- And **14.8** billion euro issued through **financial institutions**. The average subscription amounts to 47,221 euro, the number of subscriptions being 304,106.
- In total 542,671 subscriptions
- No money spent on a marketing campaign.



### The 1-yr State Note issuance of 4 September 2023

- Limitation of issuance of T-bills (Treasury Certificates), down by 10.2 billion euro
- Decrease of long-term funding by 2.25 billion euro
- Lower 1-yr funding cost than the 3.64% cost observed for 1-yr financing on 4 September 2023:  
$$3.30\% + 0.20\% \text{ (fees)} - 0.50\% \text{ (withholding tax)} + 0.14\% \text{ (estimated loss on taxes elsewhere)}$$
$$= \mathbf{3.14\%} \ll 3.64\%$$
- In addition, 10-yr spreads towards France and Germany decreased by 3 to 4 bp
- Investment of the structural cash surplus at 3.64%+ ... (3.80%)

# Euro Medium Term Notes (EMTN) program

The EMTN program is very diversified in terms of composition. Recently it took a new start, the last issue dated from... 06/2021!

Overview EMTN-deals (amount issued and number of deals): 72 deals since 2008 for a total of **EUR 24.48 billion**

	Plain Vanilla Public (fixed or FRN)	Plain Vanilla Private (fixed or FRN)	Structured
EUR	EUR 1.15 billion (6)	EUR 4.70 billion (26)	EUR 1.44 billion (10)
USD	USD 16.50 billion (12)	USD 3.55 billion (6)	
GBP	GBP 600 million (2)		
CHF		CHF 100 million (1)	
JPY		JPY 24.0 billion (3)	
NOK	NOK 4.3 billion (4)	NOK 1.0 billion (2)	

**2024: 1 USD public  
30-yr note (1.25 billion)**

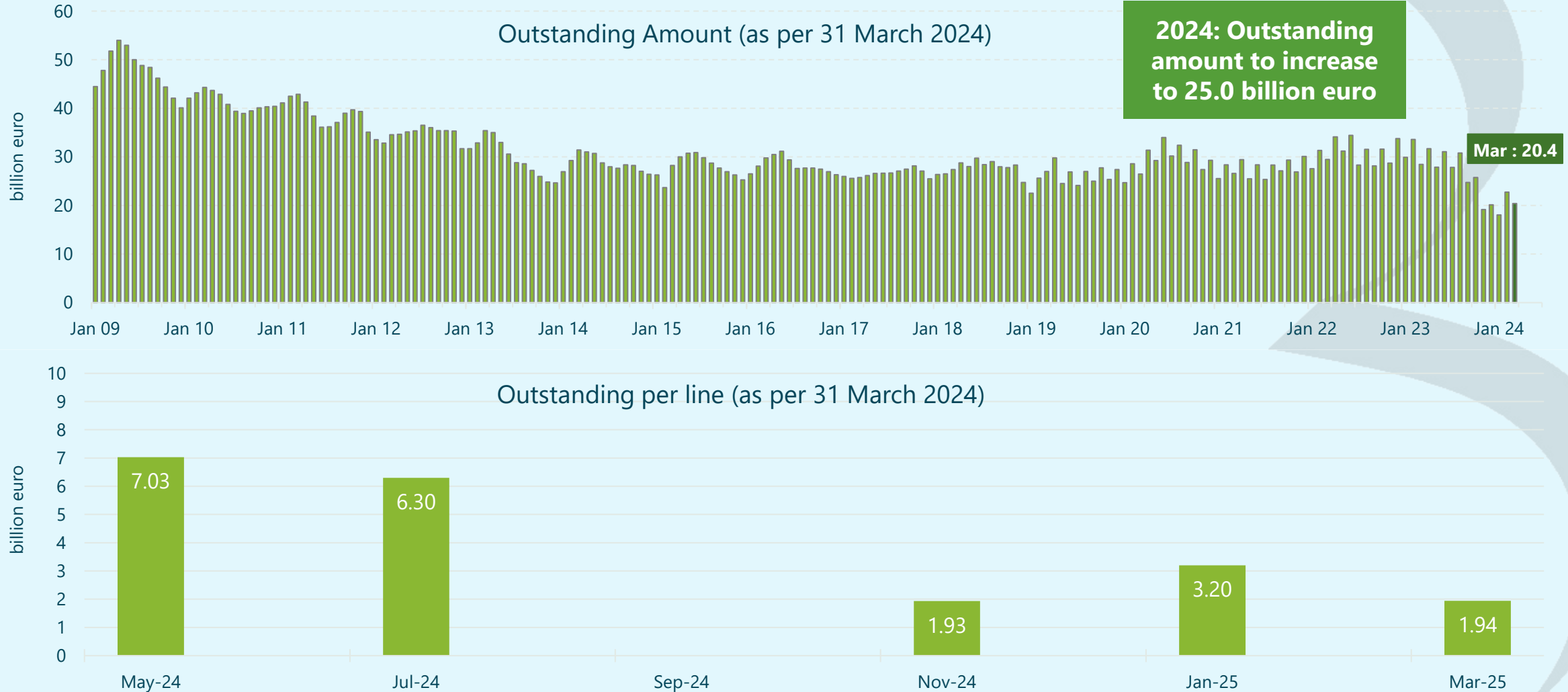
**2024: 1 NOK  
private placement  
of 0.5 billion**

Some structures :

- Plain vanilla EUR
- Foreign currency swapped to EUR
- Puttable
- Inflation linked & other structures

# Treasury Certificates (TC)

The outstanding volume of Treasury Certificates (Belgium's T-Bills) broadly remained stable. Sharp decrease in September 2023.

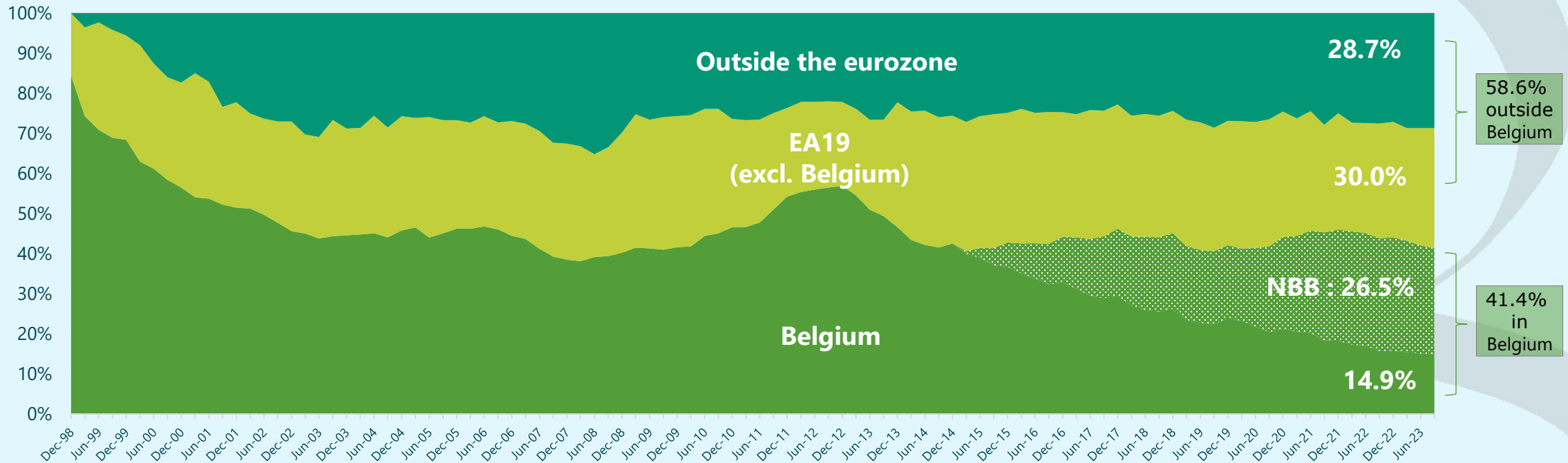


# 5. OLO Secondary market & holdership



# The National Bank has started its QT

Belgium's federal Government bonds (OLOs)

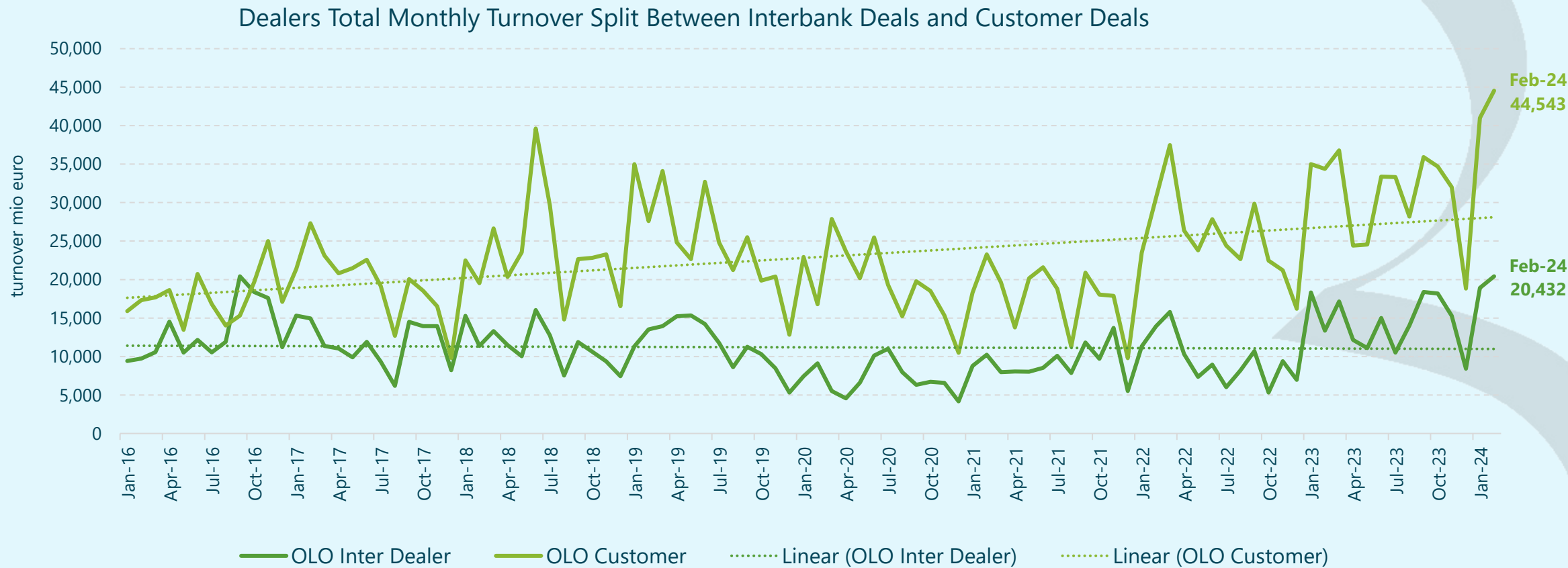


At the end of September 2023,

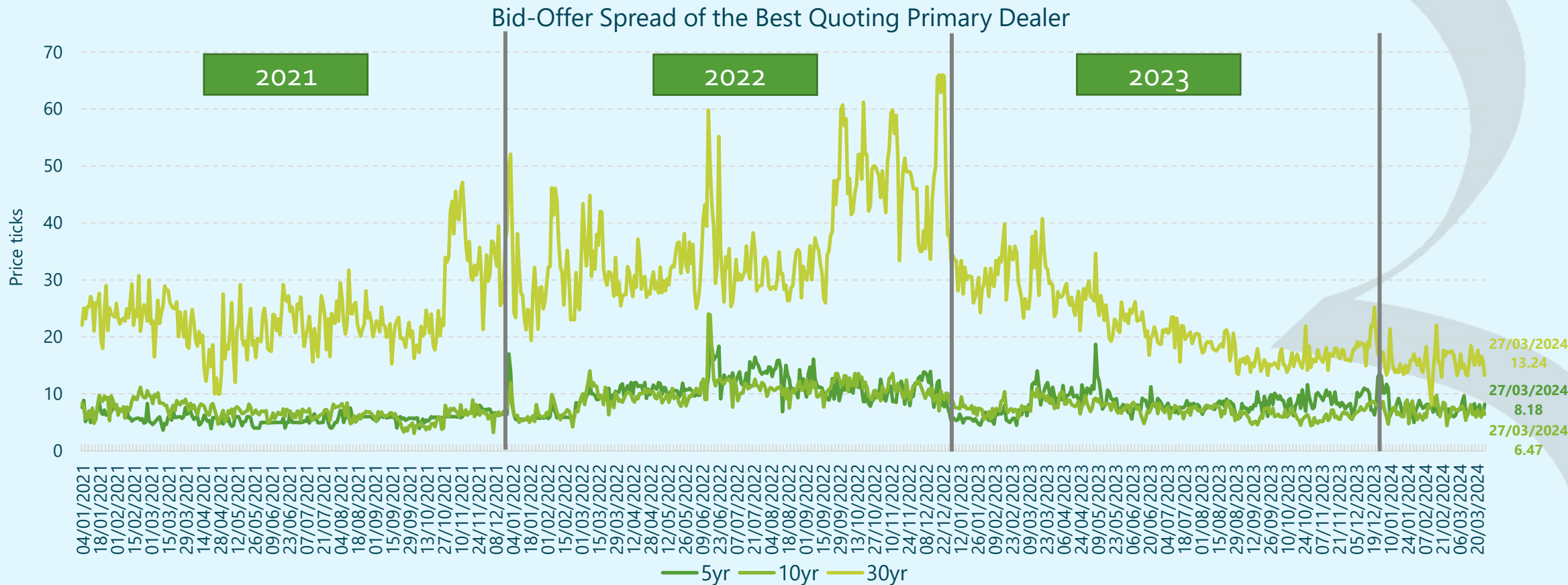
- **The National Bank of Belgium** owned **26.5%** of the **OLOs** as part of the then 41.4% held by domestic investors. By then, the **Eurosystem** possibly held around 29.4% of all OLOs.
- The domestic private holdership is not decreasing any more as domestic private investors are partially compensating for the NBB's declining holdership.

# The OLO turnover increased again in 2023 and in 2024

OLO customer turnover (excluding QE) as reported by the Primary Dealers.



# OLO bid-offer spreads decreased to pre-crisis levels



# HRF reporting: OLO investor turnover and net purchases

Total of syndications + secondary market, excluding QE – entire year and year to date

## Investor Turnover



- In 2023, OLO turnover totaled **387 billion euro**, which is a new **record** (67 billion euro more than in 2022).
- After two months of activity in **2024**, investors traded 99 bn which is **18 bn more than in 2023** over the same period.

## Investor Net Purchases

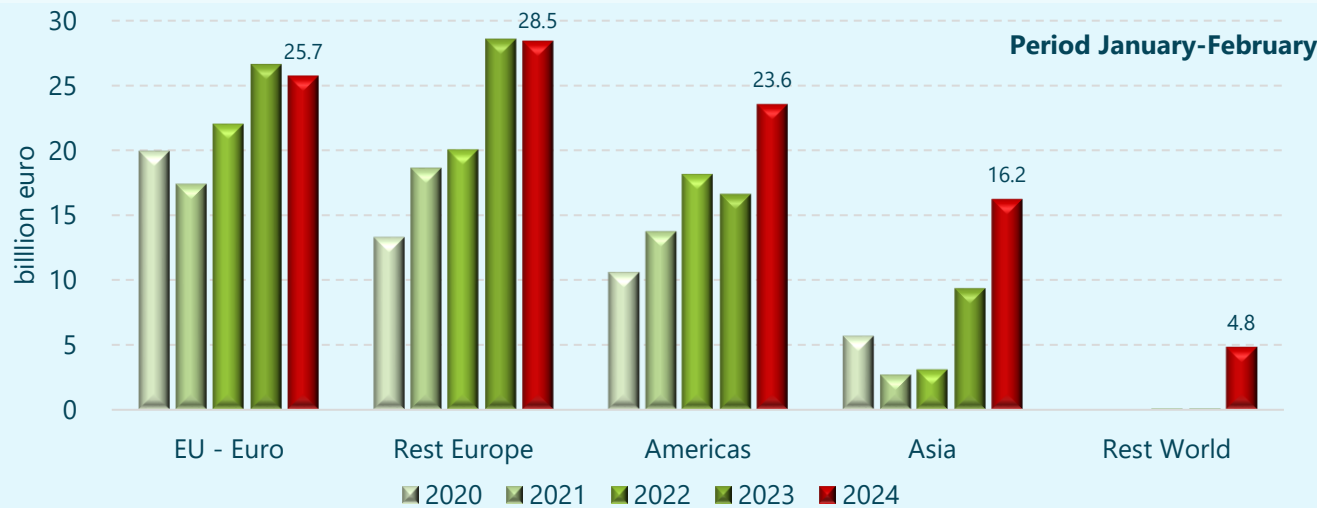
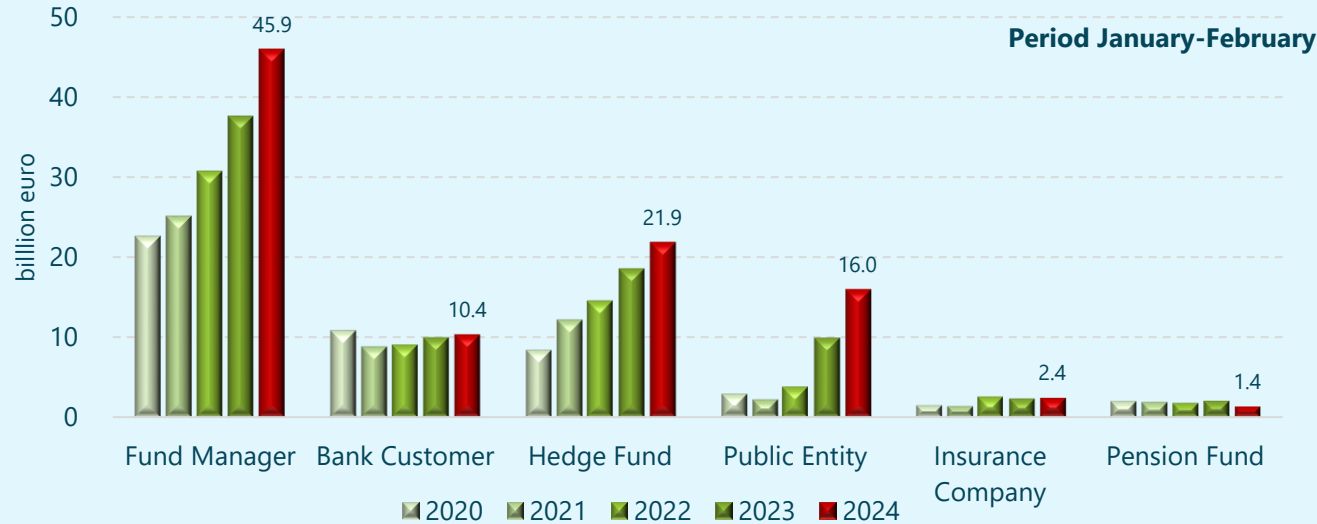


- In 2023, Investors bought a total of 35 billion euro of OLOs, which is some 4 billion higher than in 2022.
- In **2024** investors bought already **15 bn** which is 6 bn more than in 2023 over the same period.



# HRF reporting: OLO investor turnover by type of investor and geography

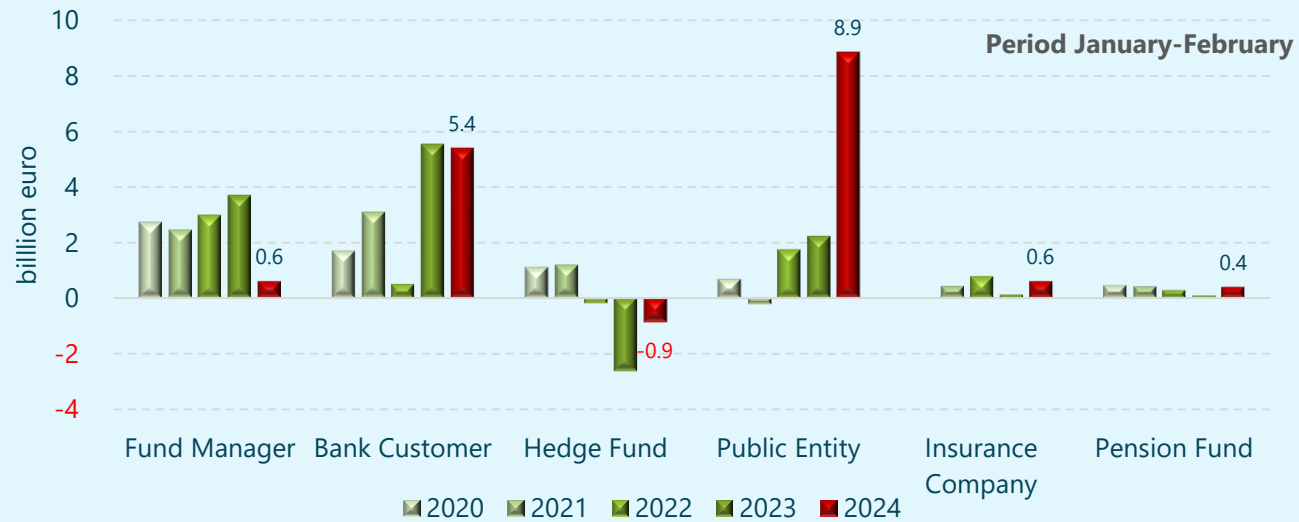
Total of syndications and secondary market turnover, excluding QE



- Fund managers remain the most important actors, followed by hedge funds
- Participation of customer banks, remains stable
- Participation of public entities (outside QE) increases significantly in relative terms
- For the fifth year in a row, the turnover of hedge funds is rising.
- Insurance companies/pension funds: reported through fund managers?
- In 2023 YTD, the rest of Europe overtook the euro area as the n°1 region in terms of turnover
- The increase in turnover in the Americas is driven by hedge funds and fund managers
- Significant increase in relative terms in Asia, representing 16.4% of the total turnover (vs 11.5% in 2023)
- Note the huge increase in turnover in the rest of the world (Australia)

# HRF reporting: OLO purchases by investors in net terms

Total of syndications and secondary market turnover, excluding QE



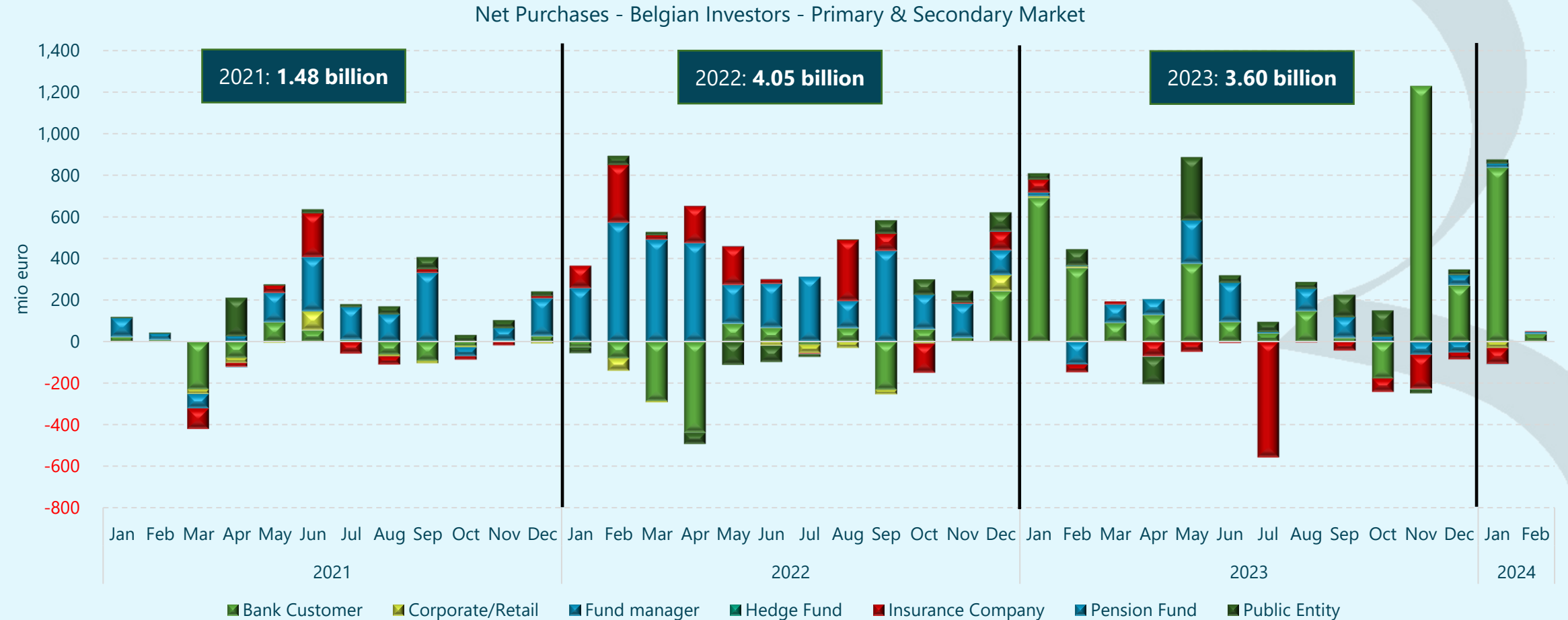
- The increase in net purchases in 2023 was due to **public entities** and **commercial banks**
- In 2024, the bank customer and public sector net buying is again very important relative to their turnover (around 50% vs. only 1% for fund managers)
- Hedge funds are the only investors that were selling in net terms in 2023 and in also in 2024
- The net purchases by insurance companies and pension funds are very limited



- In 2023, euro area investors were the most important buyers of OLOs. They remain n°1 in 2024 as well, but Asian investors are taking a huge leap forward.
- Investors in the rest of Europe and in the Americas are net selling

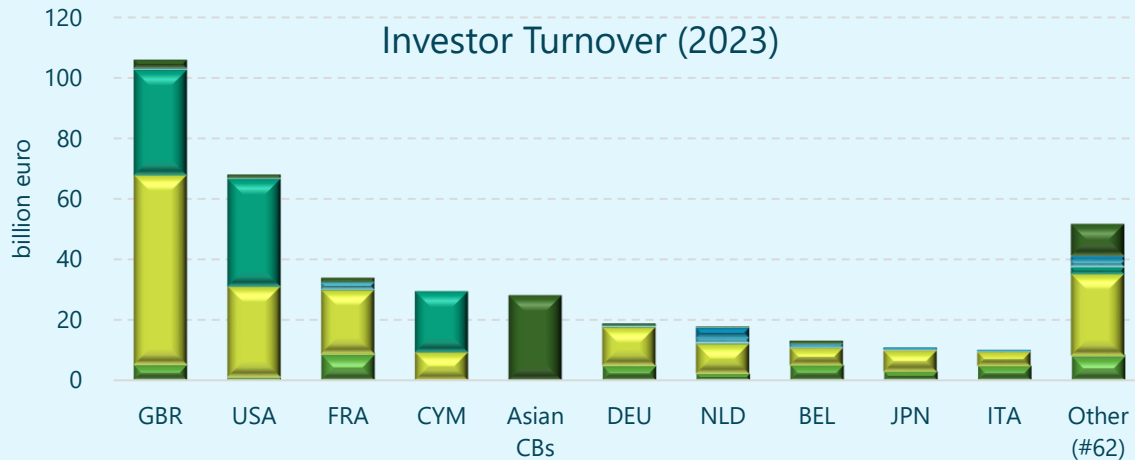
# HRF reporting: OLO investor purchases in net terms (Belgium)

Important increase in purchases by Belgian investors in 2022 and in 2023

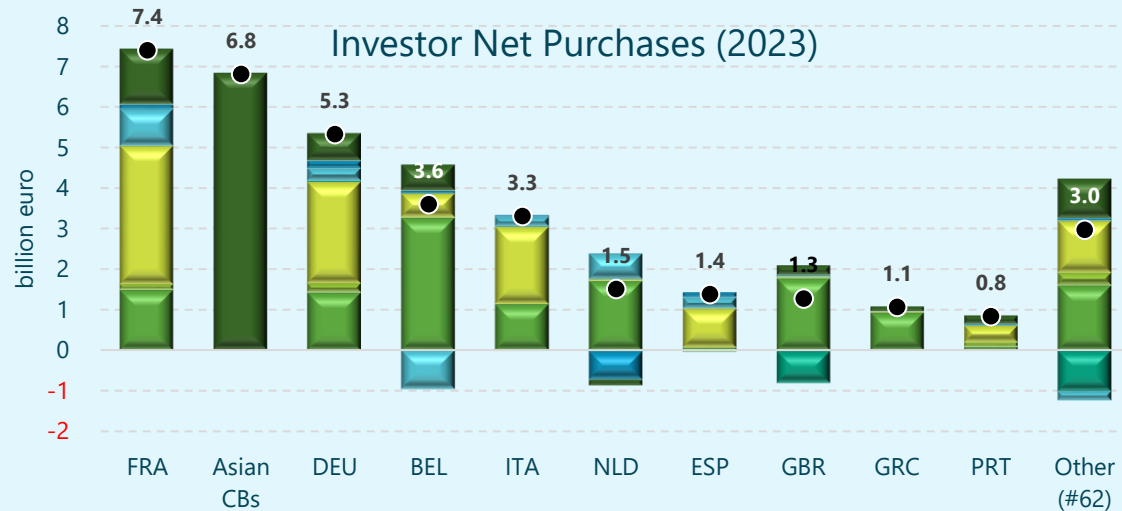


# 2023 OLO turnover & net sales – Top 10 countries

Syndications + secondary market & excl. QE



- The UK and the USA are the countries with the highest turnover, principally due to fund managers and hedge funds. Together they are trading 44.84% of the total turnover
- The top 10 countries are doing 86.67% of the total turnover
- The group "Other" contains 62 countries in which fund managers are the largest group of investors



- In terms of net sales, all countries in the top 10 are net buyers
- Asian central banks are second in terms of net purchases
- The group "Other" contains 62 countries. Especially customer banks (euro area) and fund managers are buying

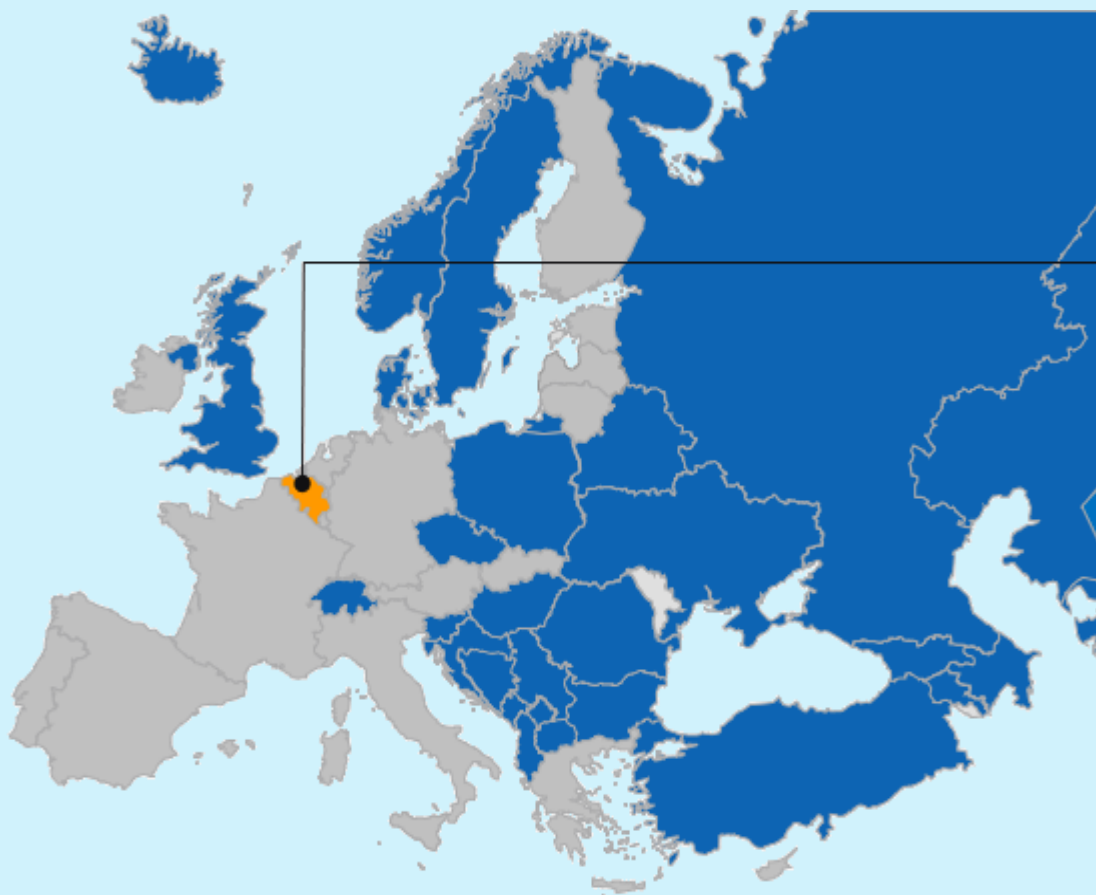
Bank Customer   Corporate/Retail   Fund manager   Hedge Fund  
 Insurance Company   Pension Fund   Public Entity   Grand Total

# Appendices



# Appendix 1 (Belgium's high level statistics)

Belgium has **3.3%** of the EA20 population and produces **4.1%** of EA20 GDP.



	2022 GDP (% EA20)	Population (millions)
Germany	29.4%	83.2
France	20.4%	67.8
Italy	14.5%	59.0
Spain	9.8%	47.4
Netherlands	7.0%	17.6
<b>Belgium</b>	<b>4.1%</b>	<b>11.6</b>
Ireland	3.5%	5.1
Austria	3.3%	9.0
Finland	2.0%	5.5
Portugal	1.7%	10.4
Greece	1.5%	10.6
Slovakia	0.8%	5.4
Luxembourg	0.6%	0.6
Croatia	0.5%	3.8
Lithuania	0.5%	2.8
Slovenia	0.4%	2.1
Latvia	0.3%	1.9
Estonia	0.2%	1.3
Cyprus	0.2%	0.9
Malta	0.1%	0.5
<b>EA20</b>	<b>100%</b>	<b>346.7</b>

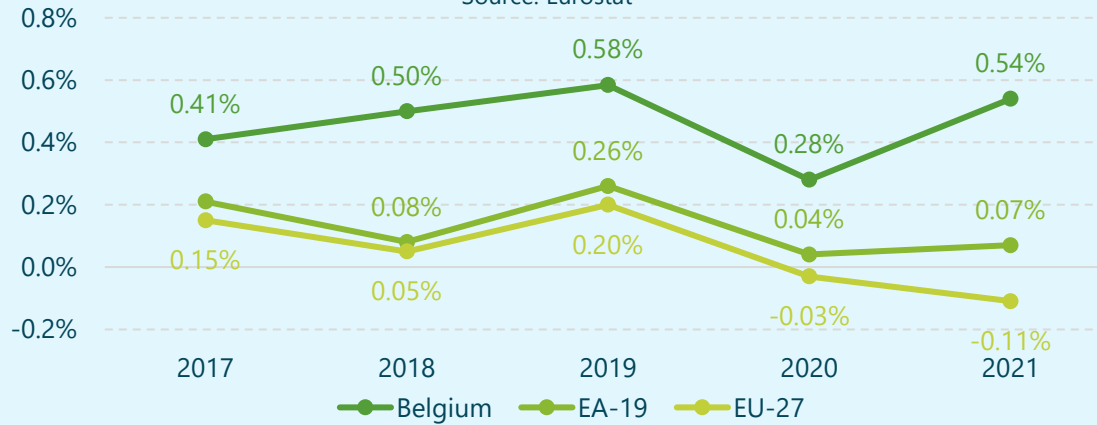
- Belgium is the **6th economy** of the euro-zone.
- It has a population of **11.6 million people** (3.4% of EA 19-population).
- Belgium's 2022 GDP amounted to **549.5 billion euros**, resulting in a GDP per capita of **47,370 euros**.

## Appendix 1 (Belgium's high level statistics)

Belgium's population grows much faster than the EA/EU one. It is a prosperous population.

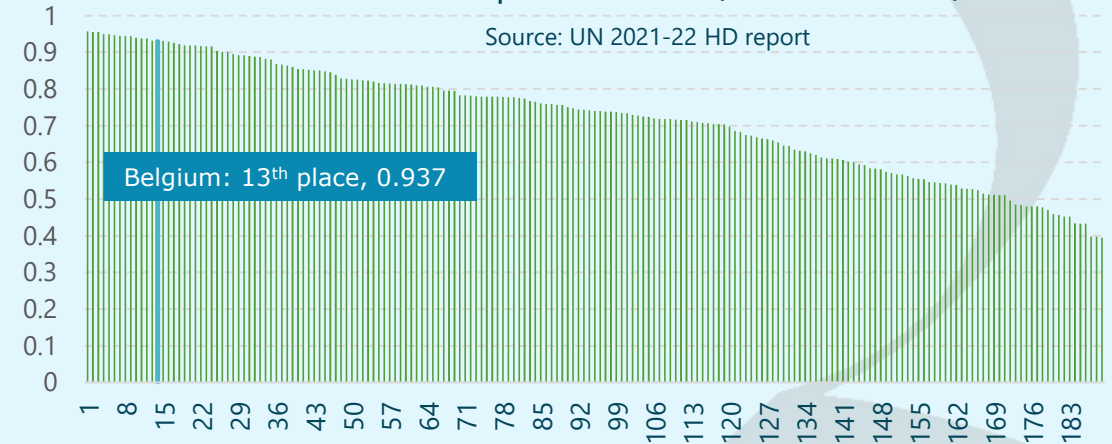
### Population Growth Compared to EA and EU

Source: Eurostat



### 2021 Human Development Index (191 Countries)

Source: UN 2021-22 HD report

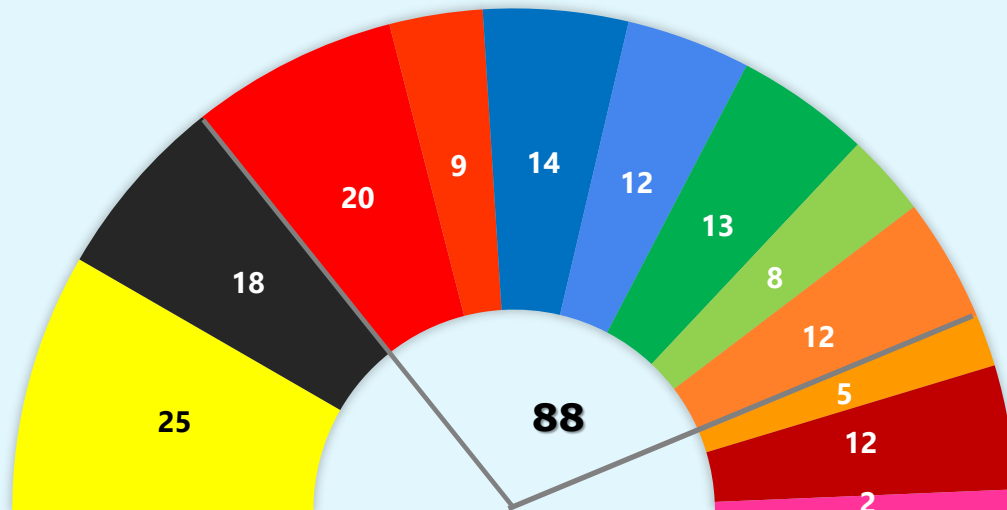


	Global competitiveness (2023)	Corruptions Perception Index	Mean wealth per adult (2021)	Median wealth per adult (2021)
Belgium's rank	13 <sup>th</sup>	18 <sup>th</sup>	10 <sup>th</sup>	2 <sup>nd</sup>

- With a fertility rate of 1.60 (2021) (EA20: 1.52) and positive net migration, Belgium's population has been one of the fastest growing in the EA/EU.
- Its population ranks 14th in terms of UN Human Development Index.
- Belgium obtains high scores in world rankings of competitiveness, absence of corruption, and private wealth.

## Appendix 2 (Belgian federal government)

On October 1<sup>st</sup>, 2020, 4 political families formed a 7-party coalition government at the federal level.



- |                                    |                                      |
|------------------------------------|--------------------------------------|
| ■ N-VA (Dutch nationalists)        | ■ Vlaams Belang (Dutch nationalists) |
| ■ PS (French socialists)           | ■ SP.A (Dutch socialists)            |
| ■ MR (French liberals)             | ■ Open-VLD (Dutch liberals)          |
| ■ Ecolo (French ecologists)        | ■ Groen (Dutch ecologists)           |
| ■ CD&V (Dutch christian democrats) | ■ CDH (French democrats)             |
| ■ PTB/PVDA (French & dutch labour) | ■ DEFI (French centrists)            |

- Elections on the federal and regional level took place on **26 May 2019**.
- The Liberal-Socialist-Green-Christian Democrat coalition has **88 seats** out of 150.
- The Prime Minister is **Mr. Alexander De Croo** (Dutch speaking liberals).



## Appendix 2 (Belgian federal government)

### Highlights of the 2020 Government Agreement

- **A government agreement** (in this case 73 pages) is the political agreement between the coalition partners. It indicates the broad lines of the expected policy of a government.
- More details will be available shortly when the government will introduce its budgetary plans in line with the European semester.
- In terms of financing its policy, the government is looking for 1/3 savings, 1/3 new income and 1/3 mixed measures.

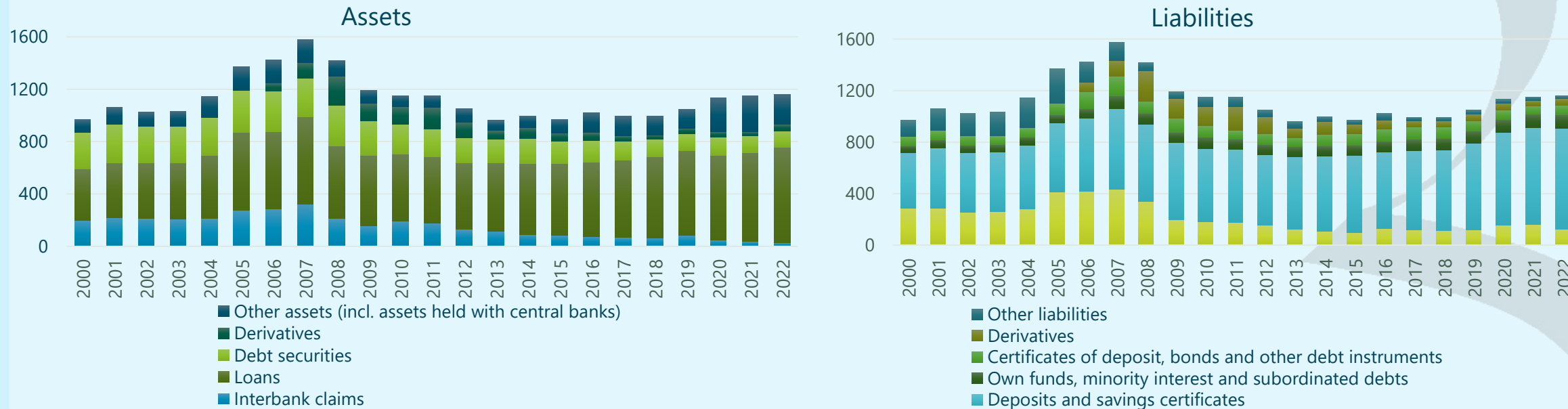
<b>HEALTH</b>	EUR 1.2 billion of additional investments, annual budget growth of 2.5% from 2022 onwards, public disclosure hospital performance
<b>ECONOMY</b>	EUR 4.7 billion of stimulus, targeted employment rate of 80% by 2030, public investment rate of 4.0% by 2030, tax reform, digital taxation, contribution from highest net worth individuals
<b>PENSIONS</b>	Evolution towards minimal pension of EUR 1,500 , introduction of pension bonus, convergence of different pensions systems
<b>GREEN</b>	Emissions -55% by 2030, climate neutrality by 2050, investments in railways, nuclear energy phase out
<b>POLITICS</b>	New State reform in 2024 with homogeneous competency split, more autonomy for regions
<b>BUDGET</b>	Fixed improvement of the budget with 0.2% GDP p.a., additional variable improvement of 0.2% p.a. if potential GDP reached

# Appendix 3 (Belgium's financial sector)

Belgium's financial sector: the strong deleveraging since 2007 has now come to an end.

## Balance sheet structure of Belgian Credit Institutions (consolidated end-of-period data, in € billion)

Source : National Bank of Belgium – Financial Stability Report 2023



- Total assets of the banking sector decreased from **EUR 1,700 billion** in June 2008 to **EUR 1,158 billion** in December 2022, equivalent to some 210% of GDP.
- The high share of **deposits and saving certificates** is noticeable.
- In 2022, the overall customer loan-to-deposit ratio increased to **92.6%** (89.6% in 2021).

## Appendix 3 (Belgium's financial sector)

In 2022, profitability of banks remained at a high level, and sharply increased for insurance companies

### Belgian credit institutions: key figures

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net profit (EUR billion)	3.28	4.52	6.14	5.75	5.95	5.60	6.12	4.26	7.76	7.62
Impaired claims (%)	4.3	3.9	3.6	3.4	2.8	2.4	2.2	2.4	1.6	1.5
Core Tier 1 capital ratio (%)	15.3	14.7*	15.4*	15.7*	16.2*	15.6*	15.6*	17.2*	17.6*	17.3*

\* Common equity Tier One capital ratio

### Belgian insurance companies: key figures

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net profit (EUR billion)	1.4	1.4	1.2	1.3	2.3	3.2	2.7	2.8	2.5	3.7
Solvency Margin (% of required)	207	231	190	176	192	219	202	202	211	221

## Appendix 3 (Belgium's financial sector)

The Belgian government still holds significant stakes

Overview participations and guarantees for the financial sector:

(in EUR unless otherwise stated)	State participation (December 31, 2023)	Current guarantee (Apr 11, 2024)	Maximum guarantee
BNP Paribas	5.10% <sup>(*)</sup>	–	–
Dexia	50.02% <sup>(**)</sup>	19.41 billion	43.70 billion
Belfius	100.00%	–	–
Ethias	31.66%	–	–

\* since Feb, 2023, and the sale of 33.3 million shares for 2.16 billion EUR.

\*\* minor stakes of Regions to be added

- These resulted from the bail out operations in 2008/2009 (and 2011/2012 for Dexia)
- In addition, government **guarantees** declined markedly.
- In terms of dividends, the federal state received in 2023 EUR 384.4 million from Belfius, EUR 375.5 million from BNPP and EUR 34.2 million from Ethias.

## Appendix 3 (Belgium's financial sector)

### DEXIA (BBB+/Baa3/BBB for DCL)

- On November 8, 2012, it was decided that Dexia would receive a capital injection of **EUR 5.5 billion** and that a definitive guarantee scheme of maximum **EUR 85 billion** would be installed, with negligible fees for Dexia.
- The European Commission approved this new aid measure.
- The new support will enable the **orderly resolution** of Dexia and the company is expected to respect minimal capital and liquidity ratios in future years.

Balance sheet total 31/12/22 (EUR bn)	Common Equity Tier One (Basel III)	Cost/Income ratio	Net income 2022 (EUR millions)
63.4	35.3%	Not reported	59.0
<b>State participation</b>			
50.02%			

- Capital injection (preferred shares) of **EUR 2.915 billion** in December 2012

Guarantees	Current guarantee (EUR billion) (11 Apr 2024)	2014 fee (EUR millions)	Comment
2008 agreement	0.00	9.7	Belgian part was 60.5%. This guarantee has faded out in May 2014.
2011 agreement	0.00 <sup>(*)</sup>	19.6 <sup>(**)</sup>	Belgian part was 60.5%. This guarantee has faded out in August 2015.
2013 agreement	19.41 <sup>(*)</sup>	included in fees 2011 agreement	Belgian part: 51.41%.


\* Maximum of 2011/2013 guarantees for Belgium: EUR 43.7 billion.

\*\* 2011 agreement and 2013 agreement together

# Appendix 4 (Key Figures Government Debt)

Key Figures of the debt portfolio (31 January 2024)

- **Rating** : S&P:AA/A-1+, Moody's: Aa3/P-1, Fitch: AA-/F1+, DBRS: AA/R-1(high)
- **Federal Government Debt (gross):** € 507.30 billion
  - Main Marketable Debt Instruments
    - Linear Bonds (OLOs): € 432.55 billion
    - Treasury Certificates: € 18.06 billion
    - EMTN-issuance + SSD: € 10.29 billion
    - Euro Commercial Paper (in EUR): € 0.00 billion
- **Breakdown**
  - Euro-denominated: 100.00 %
  - Foreign currencies (after swaps): 0.00 %
- **Duration, average life (euro debt), average time to next fixing (total debt), weighted average yield**
  - Duration: 8.22 yr
  - Average life: 10.56 yr
  - Average time to next fixing: 10.44 yr
  - Weighted average yield: 1.88 %
- **Refinitiv page BELG/OLO**
- **Bloomberg page BEDA - OLO Auctions - Results**



Thank you for your attention !

