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New Schuldschein program

Press release from the Belgian Debt Agency

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A Schuldschein is a privately negotiated bilateral loan -not a security- documented under German Law. It provides an advantageous accounting treatment for investors as there is no requirement for marking to market of the loan. Being a German product it mainly interests German buy-and-hold investors such as insurance companies and pension funds.

Schuldscheine are mostly contracted by German borrowers although non-German highly rated issuers are increasingly in demand.

Schuldscheine can be tailor-made and in exchange for these advantages, the interest rate is inside the OLO curve. This makes Schuldscheine attractive to the borrower as far as cost efficiency is concerned. Moreover it enhances the diversification of the investor base.

The Treasury does not aim at large amounts under this program, so that Schuldscheine do not endanger the liquidity of the OLO market.

Belgian Debt Agency
Avenue des Arts 30
1040 Brussels
Belgium
+32 257 47082
<http://www.debtagency.be>

Jean Deboutte
Manager Strategy, Risk Management &
Investor Relations
+32 470 74 72 79
info@debtagency.be