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Borrowing Requirements & Funding Plan

2024

7 December 2023



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1 The 2024 gross borrowing requirements and funding plan

1.1. The 2024 gross borrowing requirements

The Belgian Debt Agency expects the **2024 gross borrowing requirements** of the federal government to amount to **EUR 52.92 billion**. This represents an increase of EUR 5.62 billion compared to the 2023 borrowing requirements, which are now expected to amount to EUR 47.30 billion (EUR 1.77 billion lower than assumed in the revised funding plan of September 4th, 2023).

In establishing this estimate, the Debt Agency assumed that the **2024 net financing requirements** would amount to **EUR 21.48 billion**. This figure results from Belgium's 2024 government draft budgetary plan.

Redemptions of medium- and long-term debt would amount to **EUR 29.27 billion**.

The Belgian Debt Agency plans to buy back bonds maturing in 2025 for an amount of EUR 1.50 billion.

Finally, the execution of puts and calls on certain instruments could possibly result in EUR 0.67 billion of borrowing needs.

1.2. The 2024 funding plan

In 2024, the Belgian Debt Agency plans to issue **EUR 41.00 billion** of **OLOs**, a decrease of EUR 3.82 billion compared to the amount of EUR 44.82 billion which the Debt Agency expects to issue in 2023. 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**, as well as **EUR 2.00 billion** of **State Notes** with maturities of 3, 5, 8 or 10 years.

With regards to short-term funding, the outstanding amount of **Treasury Certificates** is planned to increase by **EUR 4.72 billion** over the year, in order to reach an outstanding of EUR 25.00 billion at year end. The outstanding amount of **1-year State Notes** would **decrease** by **EUR 8.39 billion** (implying that the Debt Agency would issue EUR 13.50 billion of this product during 2024).

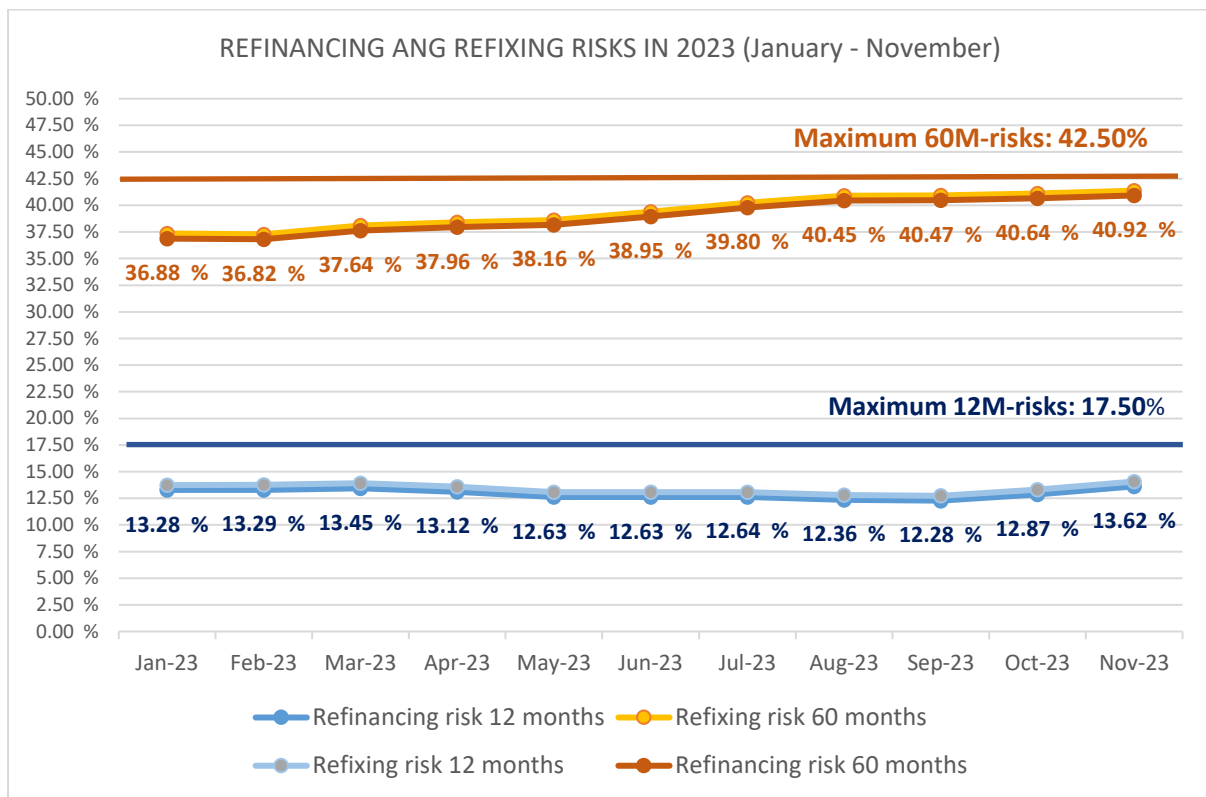
The net change of other short term debt and financial assets would amount to EUR 11.59 billion. As a result, the cash surplus resulting from the successful State Note issuance of September 4, 2023, would basically disappear by year end 2024.

2 The debt management strategy

2.1. Refinancing and refixing risks

In 2023, both the 12-month refinancing and the 12-month refixing risk were subject to a maximum of 17.50%. Both of these risks have been considerably lower than their maximum. In November 2023, the 12-month refinancing risk amounted to 13.62 %, while the 12-month refixing risk stood at 14.07%.

The 60-month refinancing and refixing risks have been rising throughout the year, as the 2028 redemptions started to weigh on these risks, but they too remained below their maximum level of 42.50%. They amounted to respectively 40.92% and 41.37% in November 2023.

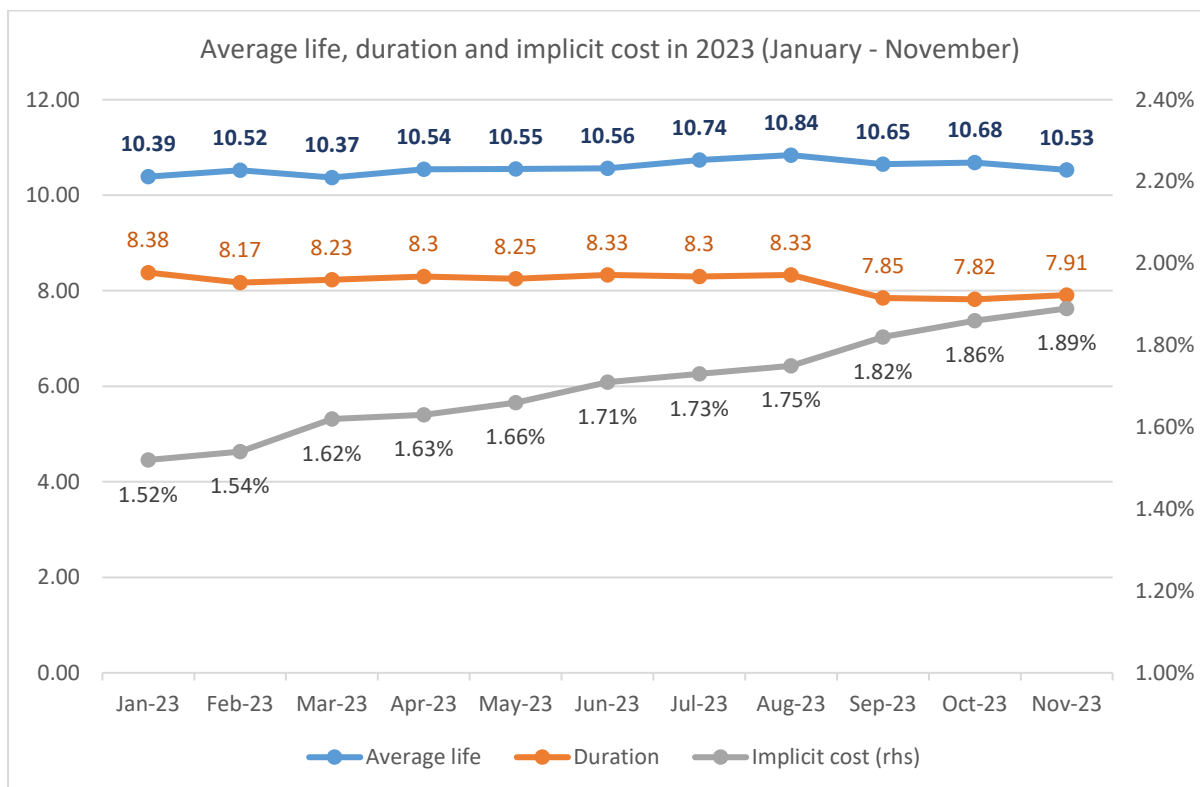


These risk limits will remain unchanged in 2024, meaning that the maximum of the 12-month refinancing and the refixing risk will be maintained at **17.50%**, and that the maximum of the 60-month refinancing and refixing risk will again be **42.50%**.

2.2. Average life, duration and implicit cost

The **average life** of the debt portfolio reached **10.53 years** as per 30 November 2023, and the **duration** amounted to **7.91** years. The **implicit cost** of the portfolio has been rising to 1.89% in November.

In **2024**, the average life of the debt portfolio will again be required to be higher than **9.25 years**.



3 The funding strategy in 2024

As always, the Belgian Debt Agency will apply an issuance strategy that combines **predictability** and **flexibility** in order to respond adequately to changing market environments.

The Belgian Debt Agency will be **predictable** with regard to the number of OLO syndications and auctions for its main financing instruments, OLOs and Treasury Certificates. Predictability will further prevail as to the timing of the auctions, 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. The Optional Reverse Inquiry (ORI) facilities will continue to allow Primary Dealers to ask for bonds they find harder to source in the secondary market.

In this context the forecasted issuance strategy for 2024 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 syndicated transactions**.
- 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 the **State Notes** (Bons d'Etat – Staatsbons, securities issued to the retail public).

3.1.2. Maturities

The Belgian Debt Agency has the intention to issue a new **10-year benchmark**, one benchmark in a **medium term** maturity (for example a 5-year bond), and one benchmark in a **long maturity** (for example a 30-year bond). If investor demand and major changes in the yield environment warrant issuance in different maturities, this can of course still be considered.

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. Because of lower issuance in 2023, the total indicative amount of potential green issuance in 2024 is higher than in previous years and is estimated between EUR 4.5 billion and EUR 5.0 billion. These figures are based on green expenditures budgeted in 2024 (65%) and during the two previous years (35%).

3.2. With regard to short term financing

- In 2023 the **Treasury Certificate**¹ program was heavily impacted by the issuance of EUR 21.89 billion in the 1 year State Note. Consequently, the number of outstanding lines was reduced from 6 to 4 in 2023, and the outstanding amount dropped by more than EUR 13 billion.

The Belgian Debt Agency remains committed to this program and the Treasury Certificates as a liquid wholesale short term product. In 2024 it foresees to increase the outstanding size under the program to at least EUR 25 billion and at least 5 liquid outstanding lines. The number of auctions remains unchanged, with two auctions every month.

The outstanding amount of the program is expected to increase by EUR 4.72 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.

¹ Belgium's T-bills are called Treasury Certificates

- The **1 year State Note** will remain a financing option in 2024 in one or more of the quarterly State Note campaigns. The outstanding amount is estimated to drop by EUR 8.4 billion, to EUR 13.50 billion, by the end of 2024.
- These two short term funding options will be supplemented by issuance under the **ECP-program**, offering possibilities to issue in foreign currencies. This allows for flexible on-tap issuance in various currencies but swapped into Euro.

Appendices

Appendix 1 : 2024 Borrowing requirements

EUR billion	2024 Plan	2023 estimate as of December 7, 2023
1. GROSS FINANCING REQUIREMENTS	52.92	47.30
- Net Financing Requirement	21.48	25.67
- Debt Maturing in 2024 / 2023	29.27	21.13
- Planned Pre-funding (Bonds maturing in 2025 / 2024)	1.50	0.40
- Other Financing Requirements ⁽¹⁾	0.67	0.10
2. FUNDING RESOURCES (LONG AND MEDIUM TERM)	45.00	45.25
- OLOs	41.00	44.82
- Euro Medium Term Notes/Schuldscheine	2.00	0
- Medium- & Long Term State Notes	2.00	0.43
3. CHANGE SHORT TERM DEBT	7.92	2.05
- Treasury Certificates ⁽²⁾	4.72	-13.46
- 1-year State Notes	-8.39	21.89
- Others ⁽³⁾	11.59	-6.39

(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 01/01/2024 : 20.28 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 : 2024 Issuance Calendars

1. OLO Issuance Calendar

Auction Date (Value Date: D+2)	NC1 (Value Date: D)	NC2 (Value Date: D)
Mon 29-Jan-24	Wed 31-Jan-24	Thu 01-Feb-24
Mon 19-Feb-24	Wed 21-Feb-24	Thu 22-Feb-24
Mon 18-Mar-24	Wed 20-Mar-24	Thu 21-Mar-24
Mon 22-Apr-24	Wed 24-Apr-24	Thu 25-Apr-24
Mon 27-May-24	Wed 29-May-24	Thu 30-May-24
Mon 17-Jun-24	Wed 19-Jun-24	Thu 20-Jun-24
Mon 22-Jul-24	Wed 24-Jul-24	Thu 25-Jul-24
Mon 19-Aug-24	Wed 21-Aug-24	Thu 22-Aug-24
Mon 23-Sep-24	Wed 25-Sep-24	Thu 26-Sep-24
Mon 21-Oct-24	Wed 23-Oct-24	Thu 24-Oct-24
Mon 18-Nov-24	Wed 20-Nov-24	Thu 21-Nov-24

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

2. ORI Facility Calendar

Auction Date (Value Date: D+2)
Fri 02-Feb-24
Fri 01-Mar-24
Fri 03-May-24
Fri 05-Jul-24
Fri 02-Aug-24
Fri 06-Sep-24
Fri 08-Nov-24
Fri 13-Dec-24

3. Treasury Certificate Issuance Calendar

Auction (Value Date: D+2)	NC1 (Value Date: D)	NC2 (Value Date: D)	ISIN	Maturity		
				Short	Medium	Long
02/01/2024	04/01/2024	08/01/2024	BE0312794663 BE0312795678	09/05/2024	11/07/2024	
09/01/2024	11/01/2024	15/01/2024	BE0312794663 BE0312798706	09/05/2024		09/01/2025
30/01/2024	01/02/2024	05/02/2024	BE0312794663 BE0312797690	09/05/2024	07/11/2024	
06/02/2024	08/02/2024	12/02/2024	BE0312794663 BE0312798706	09/05/2024		09/01/2025
05/03/2024	07/03/2024	11/03/2024	BE0312795678	11/07/2024		
12/03/2024	14/03/2024	18/03/2024	BE0312795678 BE0312799712	11/07/2024		13/03/2025
02/04/2024	04/04/2024	08/04/2024	BE0312795678 BE0312797690	11/07/2024	07/11/2024	
09/04/2024	11/04/2024	15/04/2024	BE0312795678 BE0312799712	11/07/2024		13/03/2025
30/04/2024	03/05/2024	07/05/2024	BE0312797690		07/11/2024	
07/05/2024	09/05/2024	13/05/2024	BE0312800726			08/05/2025
04/06/2024	06/06/2024	10/06/2024	BE0312798706		09/01/2025	
11/06/2024	13/06/2024	17/06/2024	BE0312800726			08/05/2025
02/07/2024	04/07/2024	08/07/2024	BE0312797690 BE0312798706	07/11/2024	09/01/2025	
09/07/2024	11/07/2024	15/07/2024	BE0312797690 BE0312801732	07/11/2024		10/07/2025
30/07/2024	01/08/2024	05/08/2024	BE0312797690	07/11/2024		
06/08/2024	08/08/2024	12/08/2024	BE0312797690 BE0312801732	07/11/2024		10/07/2025
03/09/2024	05/09/2024	09/09/2024	BE0312798706 BE0312799712	09/01/2025	13/03/2025	
10/09/2024	12/09/2024	16/09/2024	BE0312798706 BE0312802748	09/01/2025		11/09/2025
01/10/2024	03/10/2024	07/10/2024	BE0312798706	09/01/2025		
08/10/2024	10/10/2024	14/10/2024	BE0312798706 BE0312802748	09/01/2025	11/09/2025	
05/11/2024	07/11/2024	11/11/2024	BE0312799712 BE0312800726	13/03/2025	08/05/2025	
12/11/2024	14/11/2024	18/11/2024	BE0312799712 BE0312803753	13/03/2025		13/11/2025
03/12/2024	05/12/2024	09/12/2024	BE0312799712	13/03/2025		
10/12/2024	12/12/2024	16/12/2024	BE0312799712 BE0312803753	13/03/2025		13/11/2025