

Borrowing
Requirements
& Funding
Plan
2019

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12 December 2018

1. 2019 GROSS BORROWING REQUIREMENTS AND FUNDING PLAN

1.1 The 2019 Gross Borrowing Requirements

The Belgian Debt Agency expects the **2019 gross borrowing requirements** to amount to **EUR 30.11 billion**. This represents a decrease of EUR 3.48 billion compared to the 2018 borrowing requirements, which are expected to amount to EUR 33.59 billion (originally announced as EUR 33.25 billion).

In establishing this estimate, the Debt Agency assumed that the **2019 net financing requirements** would amount to **EUR 5.35 billion**. They do not assume any proceeds of asset sales or privatisations. In case any of these would happen, then the borrowing requirements and funding plan will be updated in case of material proceeds.

Redemptions of medium- and long-term debt would amount to EUR 23.35 billion.

The Belgian Debt Agency plans to buy back bonds maturing in 2020 for an amount of EUR 1.16 billion. Due to the much lower redemptions in 2020, this amount is substantially lower than in previous years.

1.2 The 2019 Funding Plan

The Belgian Debt Agency plans to issue **EUR 28.00 billion** of **OLOs**, a reduction by EUR 5.94 billion compared to the amount of EUR 33.94 billion issued in 2018. It expects to launch two 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.

State Note issuance for private investors is expected to result in EUR 0.25 billion of funding, given the low interest rate environment.

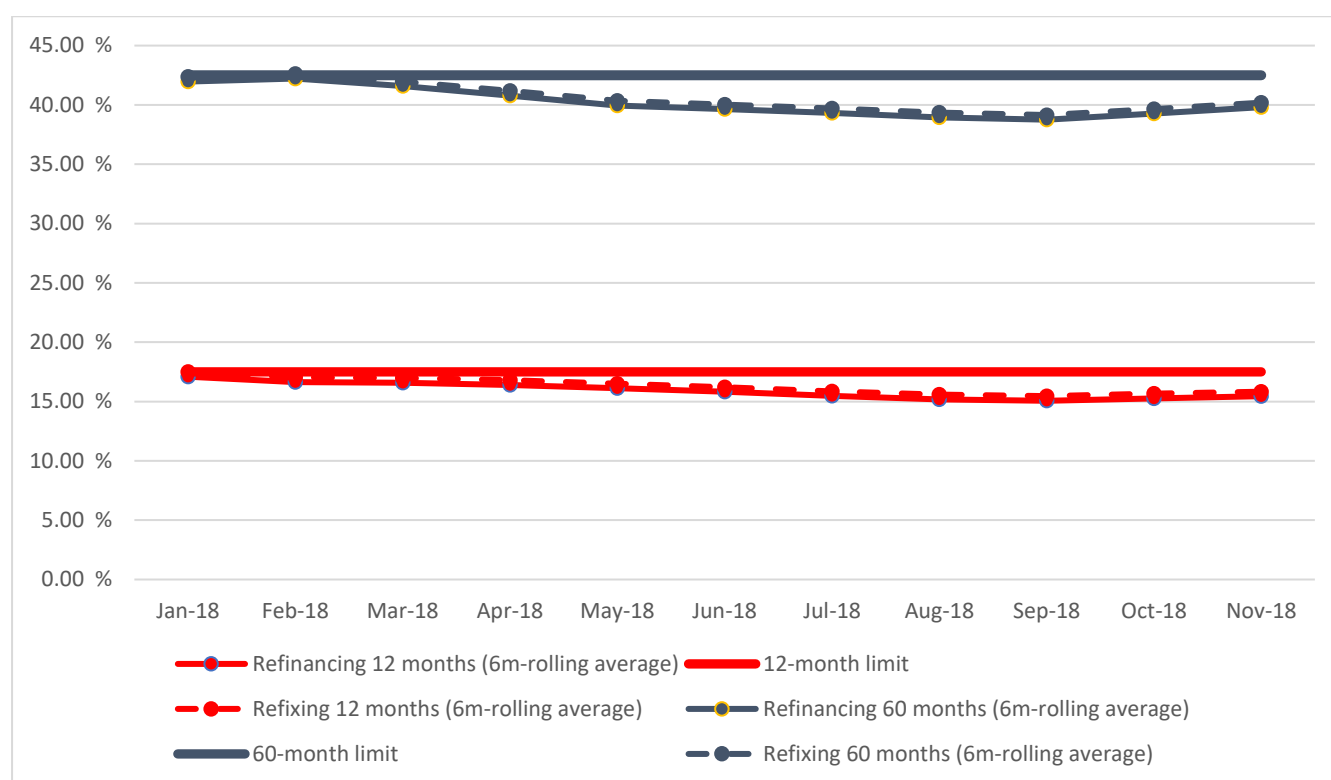
As for short-term funding, net short term debt is planned to **decrease** by **EUR 0.14 billion** in 2019. The volume of Treasury Certificates, forecasted to amount to EUR 24.6 billion at year end 2018, is expected to be at the same level at the end of 2019.

2. THE 2019 DEBT MANAGEMENT STRATEGY

In 2018, both the 12-month refinancing and the 12-month refixing risk were subject to a maximum of 17.50%. These limits were 2.50% lower than those of 2017. This maximum limit has not been breached: the 12-month refinancing risk amounted to 15.44% in November 2018. The 12-month refixing risk amounted to 15.83%.

In terms of medium-term risks, both the 60-month refinancing risk and the 60-month refixing risk remained well below their maximum level of 42.50%. They were lower by 5.00% compared to 2017. They amounted to 39.80% and 40.19% in November 2018.

Refinancing and Refixing risks in 2018 (Jan – Nov)

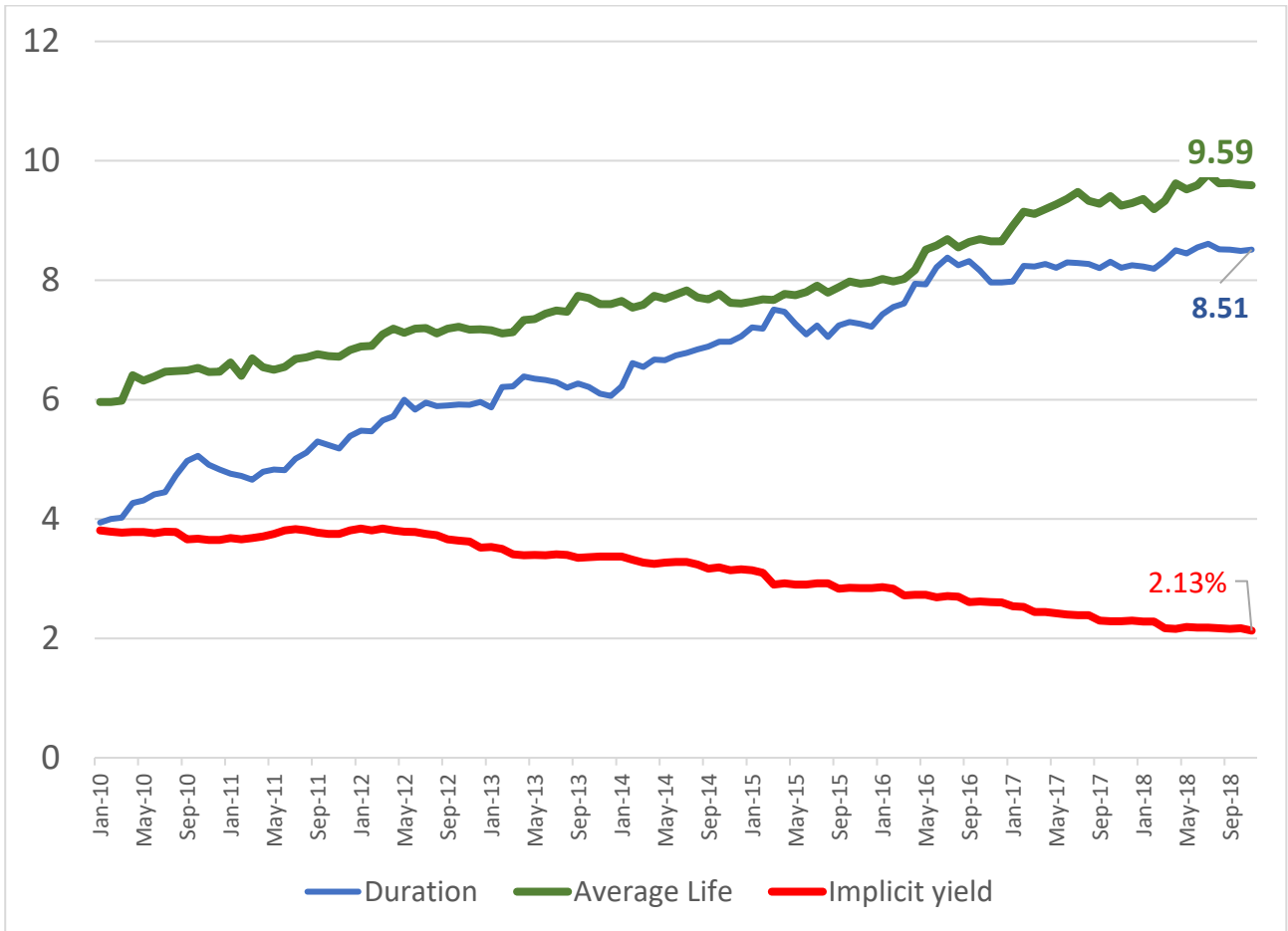


In 2019, both the maximum of the 12-month refinancing and of the refixing risk will be maintained at their current level, i.e. 17.50%.

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

The **average life** of the debt portfolio reached **9.59** years as per 30 November 2018, and the **duration** amounted to **8.51** years. The implicit cost of the portfolio further decreased to **2.13%** as of that date.

Average Life, Duration and Implicit Cost Jan 2010 – Nov 2018



In **2019**, the average life of the debt portfolio is again required to be higher than **9.00 years**, as in 2018.

3. THE FUNDING STRATEGY IN 2019

The main feature of the 2019 issuance strategy continues to be the combination of **predictability** and **flexibility** in order to respond adequately to changing market environments. This subtle combination can be obtained by enhanced communication.

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 TCs. Predictability will also prevail as to the size of the financing program and the size of issuance in various instruments.

Flexibility will allow to adapting the size, instruments and the maturities to prevailing **market demand** at the moment of issuance.

In this context the forecasted issuance strategy for 2019 will be as follows.

With regard to **long term financing**

Methodology

- It is expected that new benchmarks will be launched through **syndicated issues** and increased in size through **auctions**.
- The Treasury expects to launch **two** new fixed-rate OLO benchmarks
- If sufficient demand is identified, **off-the-runs, among which the Green OLO launched in 2018**, can be reopened in regular auctions.
- The number of OLO auctions **remains stable at 7**, and auctions might be cancelled and replaced by a syndicated issue.
- The OLO issuance will be supplemented by **alternative financing instruments**. They can include: hedged foreign currency issuance, structured products issued under the **EMTN program**, possibly including inflation-linked notes, or other funding instruments, in particular *Schuldscheine*.

Maturities

The Belgian Debt Agency has the intention to issue a 10-year benchmark and a new long-term benchmark with a minimum maturity of 15 years. The timing of these syndications will be guided by investor demand and the yield environment.

With regard to **short term financing**:

- The **Treasury Certificate**¹ program has been adapted in 2018 in a change that reduced the number of maturities from twelve to six. The number of auctions however, with **2 auctions per month**, remains unchanged. Exceptionally, the BDA can offer a supplementary line or organize an additional auction or cancel the auction of a line.
- The regular Treasury Certificate program will be supplemented by issuance under the updated ECP-program offering enlarged possibilities to issue in foreign currencies². This allows for on-tap issuance in various currencies but swapped into Euro.

APPENDICES :

- **2019 Funding Plan**
- **OLO + TC calendar**

¹ Belgium's Treasury Certificates are in fact T-bills

² Formerly called BTB - Belgian Treasury Bills

APPENDIX 1 - 2019 BORROWING REQUIREMENTS

<i>Euro Billion</i>	<u>2019 Plan</u>	<u>2018 estimate</u> <u>As of December 2018</u>
<u>I. Gross financing requirements</u>	<u>30.11</u>	<u>33.59</u>
<u>1. Net financing requirements :</u>	<u>5.35</u>	<u>3.91</u>
<i>Net financing requirements (stricto sensu) :</i>	5.43	3.91
<i>Participation in/loans to financial institutions and sovereigns :</i>	-0.08	0.0
<u>2. Debt maturing</u>	<u>23.35</u>	<u>25.15</u>
<i>Long and medium term debt in euro :</i>	23.35	25.15
<i>Long and medium term debt in foreign currencies :</i>	0.00	0.00
<u>3. Planned pre-funding (bonds maturing in 2019 and later)</u>	<u>1.16</u>	<u>4.48</u>
<i>Buy backs</i>	1.16	4.48
<u>4. Other financing requirements (1)</u>	<u>0.25</u>	<u>0.05</u>
<u>II. Funding resources 2018 (long and medium term)</u>	<u>30.25</u>	<u>34.14</u>
<i>OLOs</i>	28.00	33.94
<i>Euro Medium Term Notes/Schuldscheine</i>	2.00	0.19
<i>Securities for retail investors</i>	0.25	0.01
<i>Other (2)</i>	0.00	0.00
<u>III. Net change in short-term foreign currency debt</u>	<u>0.00</u>	<u>0.00</u>
<u>IV. Change in Treasury Certificates stock (3)</u>	<u>0.00</u>	<u>-0.98</u>
<u>V. Net change in other short-term debt and financial assets (4)</u>	<u>-0.14</u>	<u>0.43</u>

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

(2) Including net issues of treasury bonds representing Belgian participation in international org.

(3) Outstanding stock of Treasury Certificates on 01/01/2018 : 25.60 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 - 2019 ISSUANCE CALENDARS

1. OLO ISSUANCE CALENDAR

Auction Date (Value Date : D+2)	NC1 (Value Date : D)	NC2 (Value Date : D)
Mon 21/01/2019	Thu 24/01/2019	Mon 28/01/2019
Mon 18/03/2019	Thu 21/03/2019	Mon 25/03/2019
Mon 29/04/2019	Fri 03/05/2019	Tue 07/05/2019
Mon 17/06/2019	Thu 20/06/2019	Mon 24/06/2019
Mon 22/07/2019	Thu 25/07/2019	Mon 29/07/2019
Mon 23/09/2019	Thu 26/09/2019	Mon 30/09/2019
Mon 18/11/2019	Thu 21/11/2019	Mon 25/11/2019

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

2. TREASURY CERTIFICATE ISSUANCE CALENDAR

Auction	ONC + Settlement	NCs + Settlement	Code ISIN	Maturity		
				Short	Medium	Long
08/01/2019	10/01/2019	14/01/2019	BE0312764369 BE0312765374	09/05/2019	11/07/2019	
15/01/2019	17/01/2019	21/01/2019	BE0312764369 BE0312768402	09/05/2019		16/01/2020
05/02/2019	07/02/2019	11/02/2019	BE0312764369	09/05/2019		
12/02/2019	14/02/2019	18/02/2019	BE0312764369 BE0312768402	09/05/2019		16/01/2020
05/03/2019	07/03/2019	11/03/2019	BE0312765374 BE0312766380	11/07/2019	12/09/2019	
12/03/2019	14/03/2019	18/03/2019	BE0312765374 BE0312769418	11/07/2019		12/03/2020
02/04/2019	04/04/2019	08/04/2019	BE0312765374	11/07/2019		
09/04/2019	11/04/2019	15/04/2019	BE0312765374 BE0312769418	11/07/2019		12/03/2020
07/05/2019	09/05/2019	13/05/2019	BE0312766380 BE0312767396	12/09/2019	07/11/2019	
14/05/2019	16/05/2019	20/05/2019	BE0312766380 BE0312770424	12/09/2019		14/05/2020
04/06/2019	06/06/2019	10/06/2019	BE0312766380	12/09/2019		
11/06/2019	13/06/2019	17/06/2019	BE0312766380 BE0312770424	12/09/2019		14/05/2020
02/07/2019	04/07/2019	08/07/2019	BE0312767396 BE0312768402	07/11/2019	16/01/2020	
09/07/2019	11/07/2019	15/07/2019	BE0312767396 BE0312771430	07/11/2019		09/07/2020
30/07/2019	01/08/2019	05/08/2019	BE0312767396	07/11/2019		
06/08/2019	08/08/2019	12/08/2019	BE0312767396 BE0312771430	07/11/2019		09/07/2020
03/09/2019	05/09/2019	09/09/2019	BE0312768402 BE0312769418	16/01/2020	12/03/2020	
10/09/2019	12/09/2019	16/09/2019	BE0312768402 BE0312772446	16/01/2020		10/09/2020
01/10/2019	03/10/2019	07/10/2019	BE0312768402	16/01/2020		
08/10/2019	10/10/2019	14/10/2019	BE0312768402 BE0312772446	16/01/2020		10/09/2020
05/11/2019	07/11/2019	11/11/2019	BE0312769418 BE0312770424	12/03/2020	14/05/2020	
12/11/2019	14/11/2019	18/11/2019	BE0312769418 BE0312773451	12/03/2020		12/11/2020
03/12/2019	05/12/2019	09/12/2019	BE0312769418	12/03/2020		
10/12/2019	12/12/2019	16/12/2019	BE0312769418 BE0312773451	12/03/2020		12/11/2020