



BORROWING REQUIREMENTS & FUNDING PLAN 2015

Kingdom of Belgium

1. 2015 Gross Borrowing Requirements and Funding Plan
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3. The 2015 Funding Strategy

9 December 2014

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1. 2015 Gross Borrowing Requirements and Funding Plan

1.1 Gross Borrowing requirements

The Treasury expects its **2015 gross borrowing requirements** to amount to **EUR 39.90 billion**. This represents an increase of EUR 1.13 billion compared to the 2014 borrowing requirements which are expected to amount to EUR 38.77 billion.

In establishing this estimate, the Treasury assumed that the **2015 net borrowing requirement** in cash terms would amount to **EUR 8.20 billion**.

Redemptions of medium- and long-term debt would amount to EUR 28.16 billion.

The Treasury also plans to buy back bonds maturing in 2016 and later for an amount of EUR 3.54 billion.

1.2 Funding Plan

The Belgian Debt Agency plans to issue **EUR 32.50 billion** of **OLOs**, which is marginally higher than the amount of EUR 31.82 billion issued in 2014. It is likely that three new OLO fixed-rate benchmarks will be issued.

A new OLO Floating-Rate Note could also be issued.

The Treasury also plans to issue **EUR 3.00 billion** via its EMTN-program or other alternative funding instruments such as Schuldscheine.

In addition, EUR 1.63 billion of instruments for the Silver Fund will be issued in order to refinance the existing Treasury Bond that will come to maturity.

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

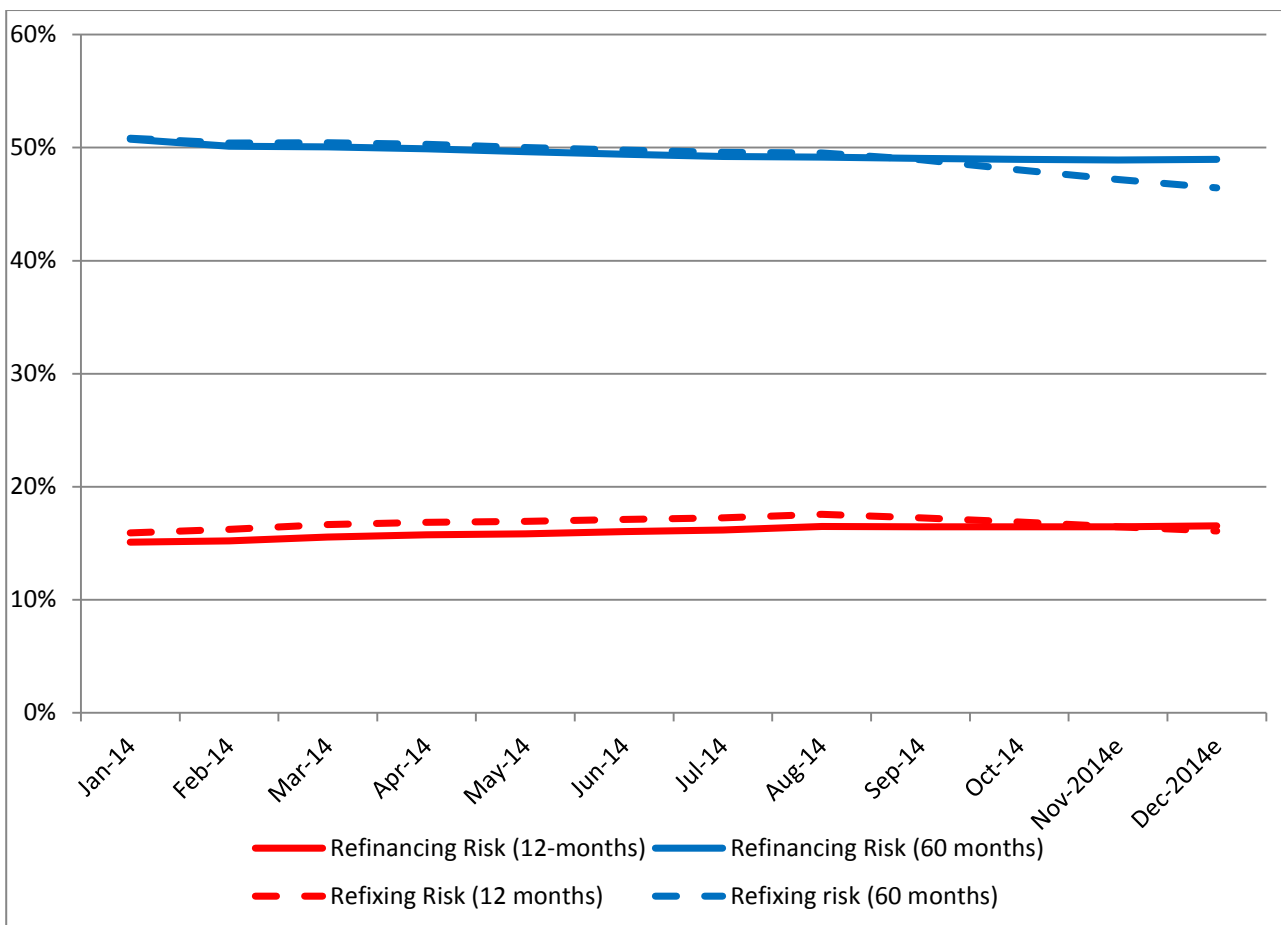
As for short-term funding, net short term debt is planned to **rise** by **EUR 2.52 billion** in 2015. The volume of Treasury Certificates, which is expected to stand at EUR 27.40 billion at year end 2014, would evolve towards EUR 28.92 billion by the end of 2015. This will be beneficial for the liquidity of this instrument.

2. The 2015 DEBT MANAGEMENT STRATEGY

In the course of 2014, the 12-month refinancing risk was required to stay below 20.0%, and the 12-month refixing risk was limited to 22.5%. Yet these risks were actually much lower: the 12-month refinancing risk amounted to 16.45% in October 2014 and would end up at 16.56% by end of December 2014. The 12-month refixing risk is expected to amount to 16.10% by year end.

In terms of medium-term risks, both the 60-month refinancing risk and the 60-month refixing risk were also below their respective maxima of 55.0% and 60.0% in 2014. They are expected to amount to 48.96% and 46.45% in December 2014.

Refinancing and Refixing risks in 2014



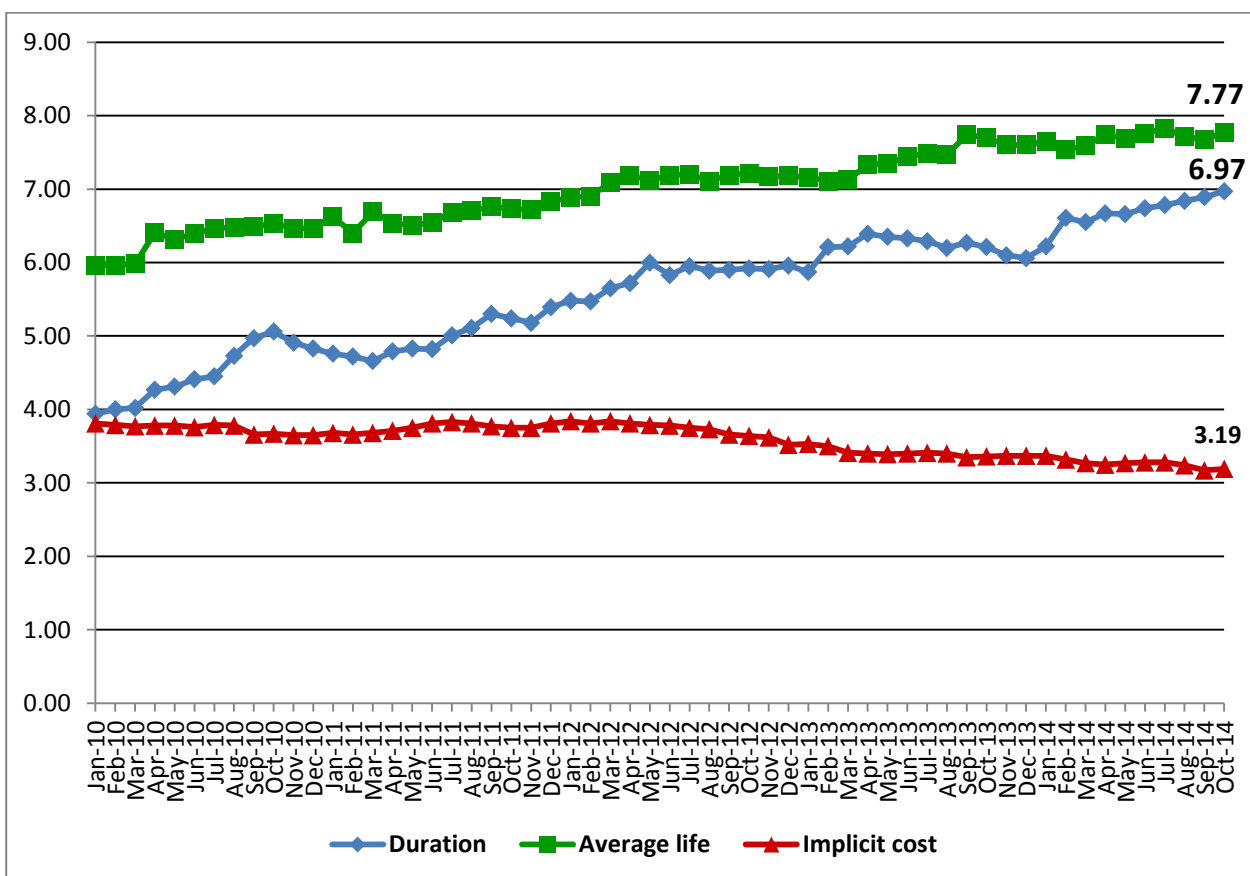
In 2015, the maximum limits will generally decrease:

- The **12-month refinancing risk** will be limited to **20.00%**
- The **60-month refinancing risk** will decrease by 5.00%, to **50.00%**

- The **12-month refixing risk** will decrease by 2.50%, to **20.00%**
- The **60-month refixing risk** will decrease by 5.00%, to **55.00%**.

The **duration** of the debt portfolio increased to **6.97** as per 31 October 2014 and the **average life** increased to **7.77** years. The implicit cost of the portfolio nevertheless further decreased to **3.19%** as of 31 October 2014.

Average Life, Duration and Implicit Cost 2010 – 10/2014



In **2015**, the average life of the debt portfolio is required to be higher than **7.50 years** during the first **six months**, and this minimum increases to **7.75 years** thereafter.

3. The 2015 FUNDING STRATEGY

The main feature of the 2015 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 Treasury will remain **predictable** with regard to the number of OLO syndications and of auctions for its main financing instruments, both 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 adapting the size, instruments and the maturities to prevailing **market demand** at the moment of issuance.

In this context the forecasted issuance strategy for 2015 will be as follows.

With regard to **long term financing**:

- It is expected that new benchmarks will be launched through **syndicated issues** and increased in size through **auctions**.
- The Treasury expects to launch **three** new fixed-rate OLO benchmarks
- If sufficient demand is identified, **off-the-runs** can be reopened in regular auctions.
- The number of OLO auctions **remains at 10** – there will be no auction in August and December– and an auction might be canceled and replaced by a syndicated issue.
- The OLO issuance will be supplemented by **alternative financing instruments**. They can include: an **OLO floater**, hedged foreign currency issuance and/or structured products issued under the **EMTN program**, possibly including inflation-linked notes¹, or other funding instruments, in particular Schuldscheine.

¹ These should not necessarily be hedged against inflation risk.

With regard to **short term financing**:

- A **Treasury Certificate²** issuance program consisting of **2 auctions per month** at which 2 fixed lines will be offered. Occasionally the Treasury will offer a supplementary line.
- The regular Treasury Certificate program will be supplemented by issuance under the existing Euro-Commercial Paper Program³. This allows for on-tap issuance in various currencies but swapped into Euro.

**ANNEXES: 2015 Funding Plan
OLO + TC calendar**

² Belgium's Treasury Certificates are in fact T-bills

³ Named B.T.B. or Belgian Treasury Bills

APPENDICE 1 2015 BORROWING REQUIREMENTS

<i>Euro Billion</i>	<u>2015</u> <u>Plan</u>	<u>2014</u> <u>Estimate as of 9</u> <u>December, 2014</u>
<u>I. Gross financing requirements</u>	<u>39.90</u>	<u>38.77</u>
<u>1. Federal State budget deficit :</u>	<u>8.20</u>	<u>10.91</u>
<u>2. Debt maturing in 2015 (2014)</u>	<u>28.16</u>	<u>22.37</u>
<u>3. Planned pre-funding (bonds maturing in 2016 (2015) and later)</u>	<u>3.54</u>	<u>5.49</u>
<u>4. Other financing requirements (1)</u>	<u>0.00</u>	<u>0.00</u>
<u>II. Funding resources Year N (long and medium term)</u>	<u>37.38</u>	<u>35.65</u>
<u>1. Long and medium-term funding</u>	<u>35.75</u>	<u>34.11</u>
<i>OLOs</i>	<i>32.50</i>	<i>31.82</i>
<i>Euro Medium Term Notes/Schuldscheine</i>	<i>3.00</i>	<i>2.24</i>
<i>Securities for retail investors</i>	<i>0.25</i>	<i>0.05</i>
<i>Other (2)</i>	<i>0.00</i>	<i>0.00</i>
<u>2. Treasury bonds - Silver Fund</u>	<u>1.63</u>	<u>1.55</u>
<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>1.52</u>	<u>3.12</u>
<u>V. Net change in other short-term debt and financial assets (4)</u>	<u>1.00</u>	<u>0.00</u>

(1) Including buy backs of long term debt issued in foreign currencies, "put" options exercised on state notes and net redemptions of the treasury bonds representing Belgian participation in international organisations.

(2) Including net issues of treasury bonds representing belgian participation in international organisations.

(3) Outstanding stock of Treasury Certificates on 01/01/2014 : 24.65 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.

APPENDICE 2 - 2015 ISSUANCE CALENDARS

1. OLO ISSUANCE CALENDAR

Month	OLO Auction date	Settlement Date	NC1	NC2
JANUARY	Mo 19/01/2015	Wed 21/01/2015	Th 22/01/2015	Mo 26/01/2015
FEBRUARY	Mo 16/02/2015	Wed 18/02/2015	Th 19/02/2015	Mo 23/02/2015
MARCH	Mo 23/03/2015	Wed 25/03/2015	Th 26/03/2015	Mo 30/03/2015
APRIL	Mo 20/04/2015	Wed 22/04/2015	Th 23/04/2015	Mo 27/04/2015
MAY	Mo 18/05/2015	Wed 20/05/2015	Th 21/05/2015	Mo 25/05/2015
JUNE	Mo 22/06/2015	Wed 24/06/2015	Th 25/06/2015	Mo 29/06/2015
JULY	Mo 13/07/2015	Wed 15/07/2015	Th 16/07/2015	Mo 20/07/2015
SEPTEMBER	Mo 21/09/2015	Wed 23/09/2015	Th 24/09/2015	Mo 28/09/2015
OCTOBER	Mo 19/10/2015	Wed 21/10/2015	Th 22/10/2015	Mo 26/10/2015
NOVEMBER	Mo 23/11/2015	Wed 25/11/2015	Th 26/11/2015	Mo 30/11/2015

Remark: The Treasury can decide to cancel an OLO auction

2. TREASURY CERTIFICATE ISSUANCE CALENDAR

Auction	ONC + Settlement	NCs + Settlement	Code ISIN	Maturity		
				3 month	6 month	12 month
06/01/2015	08/01/2015	12/01/2015	BE0312717862 BE0312719884	16/04/2015	18/06/2015	
13/01/2015	15/01/2015	19/01/2015	BE0312717862 BE0312726954	16/04/2015		14/01/2016
03/02/2015	05/02/2015	09/02/2015	BE0312718878 BE0312720890	14/05/2015	16/07/2015	
10/02/2015	12/02/2015	16/02/2015	BE0312718878 BE0312727960	14/05/2015		11/02/2016
03/03/2015	05/03/2015	09/03/2015	BE0312719884 BE0312721906	18/06/2015	13/08/2015	
10/03/2015	12/03/2015	16/03/2015	BE0312719884 BE0312728976	18/06/2015		10/03/2016
31/03/2015	02/04/2015	08/04/2015 *	BE0312720890 BE0312722912	16/07/2015	17/09/2015	
14/04/2015	16/04/2015	20/04/2015	BE0312720890 BE0312729016	16/07/2015		14/04/2016
05/05/2015	07/05/2015	11/05/2015	BE0312721906 BE0312723928	13/08/2015	15/10/2015	
12/05/2015	14/05/2015	18/05/2015	BE0312721906 BE0312730022	13/08/2015		12/05/2016
02/06/2015	04/06/2015	08/06/2015	BE0312722912 BE0312724934	17/09/2015	12/11/2015	
16/06/2015	18/06/2015	22/06/2015	BE0312722912 BE0312731038	17/09/2015		16/06/2016
30/06/2015	02/07/2015	06/07/2015	BE0312723928 BE0312725949	15/10/2015	17/12/2015	
14/07/2015	16/07/2015	20/07/2015	BE0312723928 BE0312732044	15/10/2015		14/07/2016
04/08/2015	06/08/2015	10/08/2015	BE0312724934 BE0312726954	12/11/2015	14/01/2016	
11/08/2015	13/08/2015	17/08/2015	BE0312724934 BE0312733059	12/11/2015		11/08/2016
01/09/2015	03/09/2015	07/09/2015	BE0312725949 BE0312727960	17/12/2015	11/02/2016	
15/09/2015	17/09/2015	21/09/2015	BE0312725949 BE0312734065	17/12/2015		15/09/2016
29/09/2015	01/10/2015	05/10/2015	BE0312726954 BE0312728976	14/01/2016	10/03/2016	
13/10/2015	15/10/2015	19/10/2015	BE0312726954 BE0312735070	14/01/2016		13/10/2016
03/11/2015	05/11/2015	09/11/2015	BE0312727960 BE0312729016	11/02/2016	14/04/2016	
10/11/2015	12/11/2015	16/11/2015	BE0312727960 BE0312736086	11/02/2016		10/11/2016
01/12/2015	03/12/2015	07/12/2015	BE0312728976 BE0312730022	10/03/2016	12/05/2016	
15/12/2015	17/12/2015	21/12/2015	BE0312728976 BE0312737092	10/03/2016		15/12/2016

* T+4 : Target closed on 03/04 and 06/04