Beyond Bundeslaender – Belgium

NORD/LB Floor Research

December 2025

Marketing communication (see disclaimer on the last pages)

NORD/LB

PUBLIC ISSUERS SPECIAL 2025

Beyond Bundeslaender: Belgium 2025

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Public Issuers Special 2025
Beyond Bundeslaender: Belgium

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Introduction and structure of Belgium

In this publication, we shall be taking a look at the regional governments and local authorities (RGLA) with capital market relevance in Belgium. The "Beyond Bundeslaender: Belgium" publication is part and parcel of our Public Issuers Special series, which also includes dedicated reports on the Greater Paris (IDF/VDP) region of France, Spain and Portugal, for example. Due to the variety of issuers and (in certain maturity segments) the significant pick-ups available, the sub-sovereigns analysed in this publication may offer opportunities for investors in comparison with Belgian sovereign bonds and the German Laender. The focus here will once again be on the levels below the federal state and the communities, namely the regions and provinces of Belgium. There are three regional institutions which take the name of their respective territory. From north to south, they are as follows: the Flemish Region (Flanders), the Brussels-Capital Region and the Walloon Region (Wallonia). Aside from these three regions, the federal state of Belgium also comprises three communities defined by their language: the Flemish, French and German-speaking communities. Whereas the Flemish-speaking community exercises its competences in Flanders and Brussels, the French community is located in the Walloon Provinces and, likewise, in the Brussels-Capital Region. The German-speaking territory, which covers nine municipalities in the extreme east of the Walloon province of Liège, is by far the smallest in this regard. The three language-based communities were introduced following the first state reform (1970). The areas of responsibility of the regions and communities have been extended over the course of various reforms. Through the second state reform (1980), the Flemish and Walloon Regions were each given a parliament and government of their own. In contrast, the Brussels-Capital Region did not obtain its institutions until the third state reform in 1988/89. The members of the regional parliaments are directly elected every five years by the Belgian people. In addition to the regional parliament and regional government, in Wallonia there are also legislative and executive bodies dedicated to the French-speaking and German-speaking communities. As such, there are actually three separate parliaments and three governments in the region of Wallonia. The situation is somewhat different in Flanders, where the Flemish community and regional institutions are merged. As a result, there is just a single parliament and one government here. Both regions and communities are enabled to exercise legislative powers in certain areas. The last elections at federal level in Belgium took place on 09 June 2024 and were held in parallel with the most recent European Parliament elections. Moreover, the elections to the Flemish parliament in addition to the parliaments of Wallonia and the Brussels-Capital Region also took place on the same day. Generally speaking, federal elections are held in a regular cycle of every five years. While coalition agreements were rapidly concluded at regional level due to the obvious options of forming a majority, the formation of a new federal government continued to present a real challenge on account of a party-political landscape deeply entwined in the regions and ideological fragmentation that breaks along linguistic borders. After 234 days of political negotiations, Belgium finally succeeded in forming a new federal government on 31 January 2025. This "Arizona Coalition" agreed on a government programme that focuses on budgetary consolidation, labour market reforms and a tighter migration policy. Reducing the high budget deficit while simultaneously easing socio-economic tensions between the country's regions remains a challenge of core importance.

Belgian provinces

Since the fourth state reform (1993/94), Belgium has been split into a total of ten provinces. In the wake of this reform, the province of Brabant was abolished and replaced by two new provinces: Flemish Brabant and Walloon Brabant. Since the provincial split took effect in 1995, the territory of the Brussels-Capital Region has been kept separate from the classification of provinces. The provinces are autonomous institutions, but remain under the supervision of the federal state, the communities and above all, the regions. Provincial Councils have been established, for which members are directly elected for terms of six years. These councils are empowered to take decisions of a general nature, to hold votes on provincial regulations and to draw up the provincial budget plan. The Provincial Council appoints six members of a board that serves as the senior executive organ overseeing day-to-day administration of the provinces (in Flanders it is known as a standing committee, while in Wallonia the term provincial college is used). These bodies serve to implement the resolutions adopted by the Provincial Council and ensure day-to-day management. It is chaired by a Governor, although this is not an elected position. Rather, the Governor is appointed or dismissed by the King under the responsibility of the Minister of the Interior.

Organisation of the Provinces

The five Flemish provinces are: Antwerp, Limburg, East Flanders, Flemish Brabant and West Flanders. There are also five Walloon provinces: Walloon Brabant, Hainaut, Liège, Luxembourg and Namur. The *arrondissements* constitute the next-smallest administrative level beneath the provinces ("arrondissement" in French and "arrondissementen" in Dutch). The term "Arrondissement" is sometimes used in German, although the official designation is "Bezirk". At this point, delving deeper into the minutiae of these administrative levels would not make sense in this publication.

Inter-community tensions place a strain on Belgian politics

For decades now, Belgium has been shaped by regional conflicts that influence the political and social development of the country. Tensions between the regions of Flanders and Wallonia significantly undermine the stability of the government and complicate decision-making processes at national level. These deep-rooted conflicts are based on linguistic, economic and political factors. The structure of Belgium as a federal state was declared in 1993 in order to satisfy growing demands for autonomy. However, the geographical and linguistic dividing lines within the country – with Dutch as the dominant language in Flanders and French in Wallonia – have led to the formation of largely separate societies and media structures. In addition to its status as the political and cultural hub of Belgium, the officially bilingual Brussels-Capital Region often takes centre stage as these conflicts play out. A central bone of contention are the economic differences between the regions. While Flanders is a prosperous and economically dynamic region, Wallonia is burdened by structural problems due to the decline of traditional industries such as coal mining. The allocation of financial resources between the regions therefore remains a long-term cause of antipathy. The party-political system is clearly split along language borders, which makes the formation of stable coalitions incredibly challenging. In fact, national parties barely exist. Instead, Flemish and Walloon parties with often opposing interests dominate the political landscape. In the past, this fragmentation has led to extended periods in which no government has been in place. Perhaps the most infamous example of this came back in 2010/11, when Belgium was forced to cope without a functioning executive for 541 days. In Flanders, there is a powerful separatist movement striving for greater autonomy or even independence. Conversely, large swathes of the Walloon population take a critical view of these developments, fearing that any further decentralisation could actually exacerbate the economic problems facing their region.

Current political situation

The federal election on 09 June 2024 once again highlighted the fragmentation of the political landscape in Belgium. In total, twelve parties won seats in parliament. The New Flemish Alliance (N-VA) emerged as the winner, claiming 24 of the 150 seats available. Vlaams Belang followed in second place with 20 seats. However, this right-wing populist party, which shares both a Eurosceptic attitude and Flemish focus with N-VA, failed to live up to pre-election expectations. Bart de Wever, former N-VA Chairman and the current Prime Minister, was appointed by King Philippe as "formateur" with responsibility to lead the formation of a coalition government. Negotiations between the five parties involved – N-VA, CD&V, Vooruit, MR and Les Engagés – led to what is known as the Arizona coalition, which was officially announced on 03 February 2025. The coalition negotiations focused on issues such as taxation, the labour market and pension reform. Despite Belgium's reputation for long, drawn-out processes when it comes to forming a governable majority, on this occasion a government was installed relatively quickly, just 234 days after the election.

Review of Belgium's presidency of the Council of the EU in 2024

It was Belgium's turn to assume the presidency of the Council of the European Union in the first half of 2024, whereby it had the opportunity to exert a decisive influence on the European agenda during a politically delicate period shaped by elections at European, federal and regional level. During the Belgian presidency, one focus was on reforming decision-making processes within the EU to ensure its ability to act in view of the potential for new members joining. Likewise, Belgium proactively championed the accession processes for Ukraine and Moldova, in addition to strengthening European support for both nations. On a legislative level, the Belgian presidency saw a number of key dossiers finalised, including measures for the implementation of the Fit-for-55 package, the regulation of digital marketplaces and the reform of the Stability and Growth Pact. As a mediator between the Member States and EU institutions, Belgium bolstered European cohesion during a politically charged period. Upon handing over the baton to Hungary in July 2024, the overall view was that Belgium's presidency had been a pragmatic success, laying the groundwork for a continued debate with regard to European expansion, competitiveness and security.

Deficit procedures of the European Commission

In a report published in June 2024, the European Commission determined that launching deficit procedures against Belgium and six other EU Member States would be justified. According to EU fiscal rules, the public deficit must not exceed 3% of nominal GDP. After falling to 3.6% in 2022, Belgium's deficit grew to 4.0% in 2023 and 4.4% in 2024. Current projections for 2025 indicate that the deficit will rise to 5.3% of nominal GDP. At the same time, sovereign debt remains high at more than 104% of GDP, which threatens to jeopardise the long-term debt sustainability of Belgium. Moreover, the European Commission has been critical of Belgium's inadequate implementation of fiscal consolidation recommendations. The automatic indexation of wages and social benefits, rising costs linked to an ageing population and ineffective savings in energy support measures represent drags on the economy. Additionally, weak fiscal coordination and delays in the implementation of reforms under the national reconstruction and resilience plan are reportedly complicating consolidation efforts. Although EU funds are being directed towards green, digital and defence projects, the impact of these is being constrained by the fact that implementation is taking longer than planned. Structural reforms, particularly in the areas of pensions and taxes, have also remained thin on the ground. Against this backdrop, the EU is demanding that Belgium applies stricter measures to ensure compliance with fiscal targets and to improve fiscal governance in order to minimise long-term risks and ensure its capacity for debt sustainability. Ultimately, the Council Decision on the existence of an excessive deficit in Belgium was adopted by the Council of the European Union on 26 July 2024.

2024 values

Nominal GDP (2023)
EUR 614bn (EUR 602bn)

Real GDP growth (2023)
+1.1% (+1.7%)

Nominal GDP per capita (2023)
EUR 52,370 (EUR 51,140)

Unemployment (2023)
5.7% (5.5%)

Budget balance (2023)
EUR -27.7bn (EUR -24.1bn)

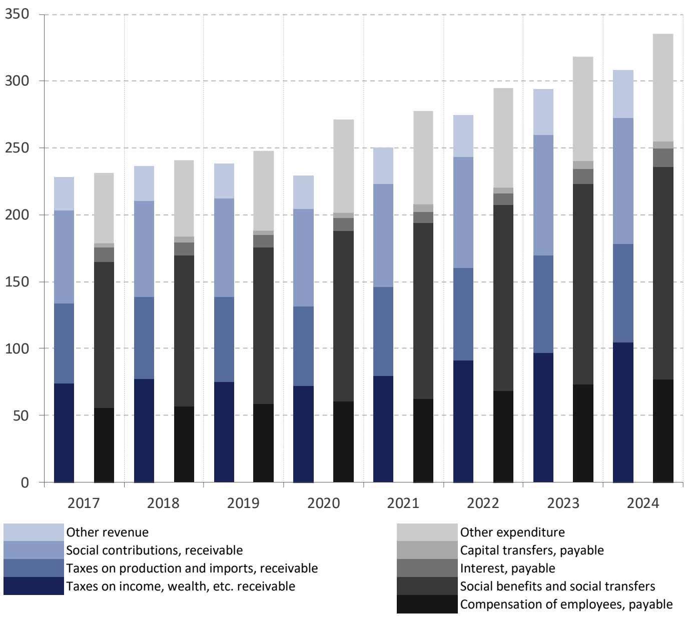
Balance/GDP (2023)
-4.4% (-4.0%)

Debt/GDP (2023)
104.7% (103.9%)

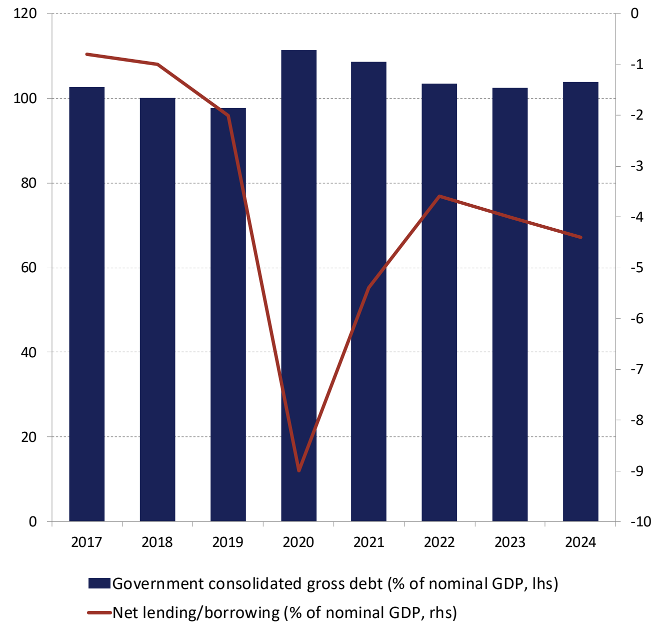
The Belgian economy – an overview

With nominal gross domestic product (GDP) per capita amounting to approx. EUR 52,370 in 2024, Belgium comes in above the EU average of around EUR 39,940. However, economic output varies considerably on a regional basis: In 2023, the Brussels-Capital Region was at the top with GDP per capita of roughly EUR 82,100, with Flanders and Wallonia both lagging some way behind at around EUR 52,300 and approx. EUR 36,900 respectively. This data serves to highlight the disparities that exist within Belgium. The major share of economic output is attributable to the service sector. In 2024, the tertiary sector contributed 78.4% of gross value added, with the secondary sector responsible for a share of 20.7%. The primary sector came in at just 0.9%. Belgium is also heavily reliant on exports, which, at EUR 486.4bn in 2024, puts the country among the top seven largest exporters in the EU. The export and import ratios were both well above the EU average at 79.2% of GDP in each case. These pronounced trade links make the Belgian economy particularly susceptible to external shocks. Private households contributed 49.3% (2023) of GDP through domestic consumer spending, meaning that just under half of total economic output was attributable to private consumption. The European Commission is projecting economic growth in real terms of +1.0% in 2025 and +1.1% in 2026. In 2027, growth in economic output is expected to amount to +1.3%. In 2024, Belgium registered what is a very high debt ratio in an EU comparison of around 104.7% of GDP. For 2025, this is projected to rise to 107.1%, with values of 109.9% and 112.2% forecast for the years 2026 and 2027 respectively. As a result, state finances remain under pressure: the budget deficit amounted to around -4.4% of GDP in 2024, with negative budget balances projected for the years to come (2025: -5.3%; 2026: -5.5%; 2027: -5.9%). The strain on public budgets is the result of several factors: after-effects linked to the COVID-19 pandemic, sharp rises in interest expenses and costs related to an ageing population, growing defence and infrastructure spending, as well as imported inflation and geopolitical uncertainties.

State revenues vs. government spending (EURbn)



Sovereign debt vs. budget balance



Source: Eurostat, NORD/LB Floor Research

Capital market activities

The following issuers organised below the Belgian federal state (officially: the Kingdom of Belgium; Bloomberg ticker: BGB; sovereign bonds commonly referred to as OLOs), are currently active in the capital market:

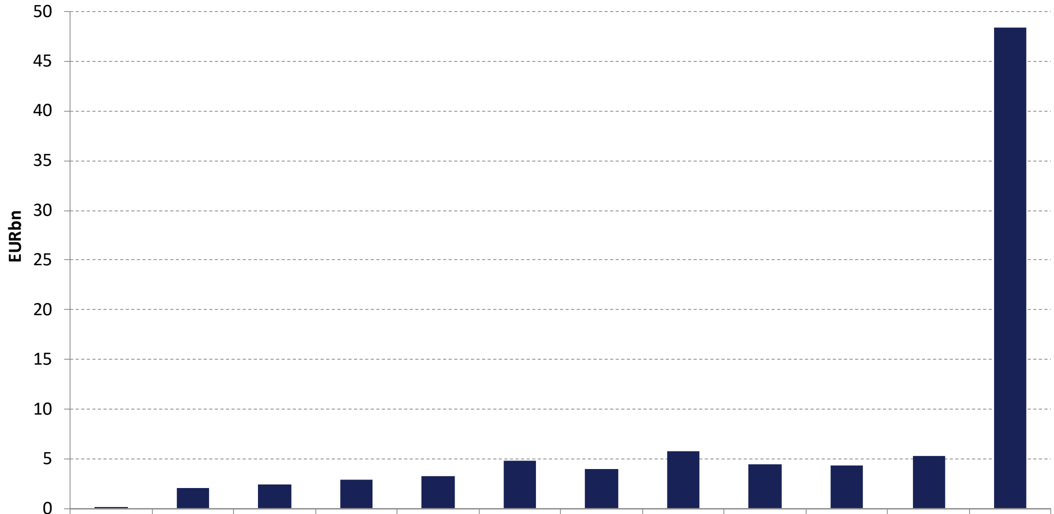
- ANTWRP (Province of Antwerp)
- **BRUCAP** (Brussels-Capital Region)
- BRUGGE (City of Bruges)
- DENDEM (City of Dendermonde)
- DGBE (German-speaking Community of Belgium)
- **FLEMSH** (Ministries of the Flemish Community)
- **FRBRTC** (Brussels Municipalities Regional Fund; guaranteed by BRUCAP)
- GHENTB (City of Ghent ASBL)
- HASSLT (City of Hasselt)
- IZEGEM (City of Izegem)
- **LCFB** (Communauté française de Belgique – French Community of Belgium)
- MECHLN (City of Mechelen)
- SPABSS (Société Publique d'Administration des Bâtiments Scolaires)
- STDNZE (City of Deinze)
- VILLIE (City of Liège)
- **WALLOO** (Region of Wallonia)
- ZAVENT (Municipality of Zaventem)
- ZOTTGM (City of Zottegem)

Bold: formerly purchased under the PSPP/PEPP
Source: Bloomberg, NORD/LB Floor Research

Outstanding volumes on the Belgian sub-sovereign market

In total, the regional market as a whole currently amounts to EUR 87.5bn split across 835 separate ISINs. In this context, FLEMSH (EUR 37.7bn) and WALLOO (EUR 24.0bn) lead the way, followed at some distance behind by BRUCAP (EUR 13.1bn) and LCFB (EUR 10.8bn). Finally, DGBE (EUR 1.2bn) and FRBRTC (EUR 0.4bn) complete the picture here. FLEMSH has been top of the table in this regard for many years now. Due to increased issuance activities with benchmark bonds, WALLOO has climbed the rankings to become the second largest sub-sovereign issuer in Belgium. Private placements with terms of up to 100 years also ensure that the overall structure of outstanding Belgian sub-sovereign bonds can be described as highly granular. This situation is also illustrated by the chart below. Liquidity suffers under these circumstances, although there is a certain degree of pick-up on offer in the form of an illiquidity premium. Incidentally, the issuers SOCWAL and FRBRTC are defined as "Local Authorities" and were included on the purchase list of the Eurosystem under "Agencies". Both are classified as local public-sector issuers (Société Wallone du Credit Social and Brussels Municipalities Regional Fund [FRBRTC guaranteed by BRUCAP]).

Belgian issuers: bonds outstanding by currency



	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	>2035
Other	0	0	0	0	0	0	0	0	0	0	0	0
EUR	5	2,005	2,384	2,838	3,235	4,838	3,918	5,760	4,470	4,290	5,313	48,468

Source: Bloomberg, NORD/LB Floor Research; Table values in EURm

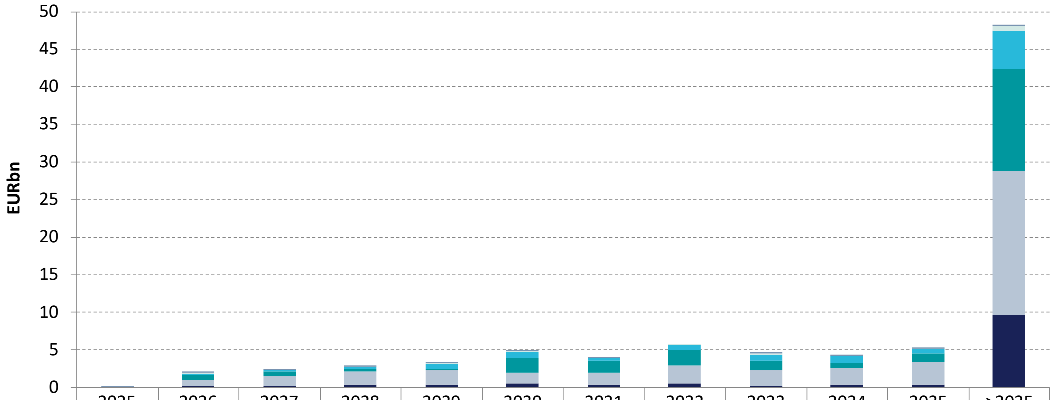
Focus on long maturities

Not all the tickers listed above are regions. In some cases, RGLA or other regional vehicles and agencies are also active in the capital market. Nevertheless, the above breakdown reveals that 835 bonds are now outstanding overall – as against 737 in our previous study approx. a year ago. To recap: when we first looked at this data in September 2016, there were around 300 ISINs. As at the reporting date, the outstanding volume totals EUR 87.5bn overall. Once again, there are no foreign currency bonds to discuss. Accordingly, the FX segment plays no part in the composition of the liabilities, whereby any diversification occurs solely in relation to different maturities. A total of EUR 48.5bn or 55.4% of the outstanding bond volume is set to mature after 2035, which clearly indicates that the issuers in question are opting for extremely long-term refinancing operations. Of the 835 bonds outstanding, only 52 meet the criterion of a benchmark bond (outstanding volume: EUR ≥500m). Alongside 25 bonds issued by the Flemish Community (ticker: FLEMSH) and 18 bonds from Wallonia (WALLOO), this now includes seven bonds issued by the French Community of Belgium (LCFB) and two ISINs attributable to the Brussels-Capital Region (BRUCAP). ESG bonds issued on the basis of the associated frameworks have already been placed by the regions of Flanders and Wallonia as well as by the French Community of Belgium. In addition, Belgian regions are open to private placements and bespoke maturity requests on the part of institutional investors.

Fixed coupon bonds dominate proceedings

Fixed coupons account for a dominant share of the bonds issued by Belgian regions. Of the bonds we have recorded (835), a total of 698 bonds feature a fixed coupon. This equates to a share of 83.6%. These are followed by FRNs (floating rate notes; 12.7%) and bonds with a variable rate, which only account for a marginal share. Zero-coupon bonds and step-up coupons hardly merit discussion at all. In this respect, Bloomberg makes a distinction in terms of the nomenclature between floaters (classic FRNs, e.g. 3mE +70bp) and inflation-linked bonds ("variable"). The share of fixed coupons is on the high side in comparison with the bond portfolios of the German Laender, for example.

Bonds outstanding of selected Belgian issuers



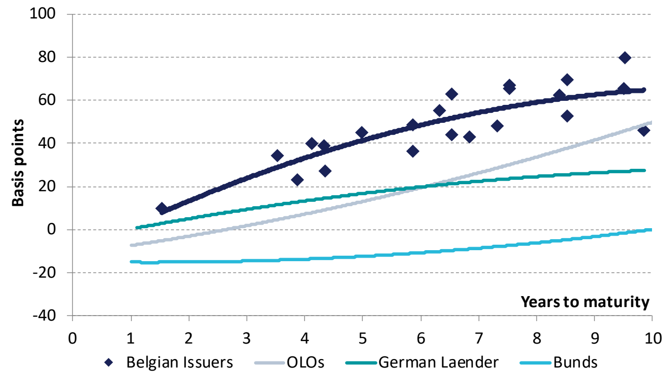
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	>2035
FRBRTC	3	25	24	18	26	53	39	0	10	20	70	98
DGBE	0	73	79	75	53	71	70	67	61	65	48	504
LCFB	0	290	165	340	665	825	210	630	883	915	723	5,108
WALLOO	0	635	557	319	244	1,862	1,605	2,065	1,285	720	1,040	13,674
FLEMSH	0	780	1,320	1,750	1,849	1,517	1,640	2,500	2,031	2,250	2,995	19,081
BRUCAP	0	175	225	325	358	500	350	498	200	310	427	9,697

Source: Bloomberg, NORD/LB Floor Research; Table values in EURm

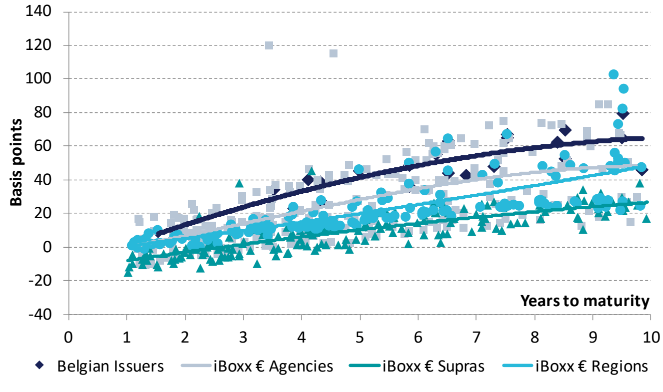
Belgian regions in the iBoxx € Regions and spread analysis

There is no doubt that Belgian regions rank among the most important issuers in the sub-sovereign segment. A glance at the composition of the iBoxx € Regions makes this clear. In global terms, the indisputable leading issuer group remains the German Laender with a volume weighting of 70.8%. After Canadian provinces (11.7%), Belgian sub-sovereigns then rank in third place with a share of 11.2%. Aside from the volumes, the spread classifications are of course also suitable: compared with the iBoxx € Regions, the Belgian regions trade at premiums across the entire maturity spectrum. In view of the dominance of German Laender bonds in this index outlined above, this hardly comes as a surprise. Although the regulatory classification of both sub-sovereign segments is identical, the Belgian regions trade at significantly wider spread levels compared with their German counterparts. Spread premiums can also be seen along the entire maturity curve in comparison with agencies and supranationals. Compared in particular with the bonds issued by supras that are on average even better rated and usually offer far greater liquidity, this should again not come as much of a surprise.

Generic ASW spreads – a comparison



ASW spreads of Belgian Issuers vs. iBoxx



Source: Bloomberg, NORD/LB Floor Research; data as at 09 December 2025

General information

Homepage

Population (2024)

1,249,597

Capital city

Brussels

Nominal GDP (2023)

EUR 103.3bn

Nominal GDP per capita (2023)

EUR 82,100

Unemployment (Q2/2025)

11.9%

Budget balance*

(as a % of revenue, 2024)

-25.4%

Bloomberg ticker

BRUCAP

Outstanding volume

EUR 13.1bn

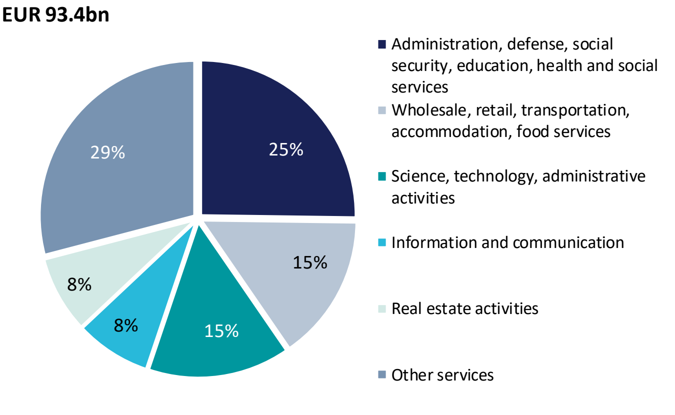
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	A	neg

* Provisional values

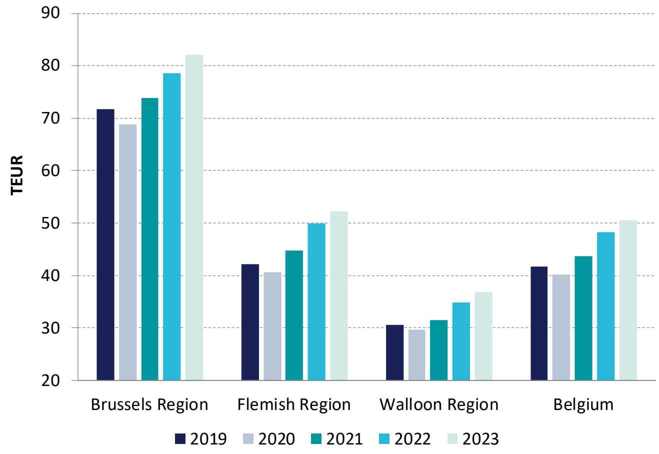
Brussels-Capital Region

With a population of more than 1.2 million people, the Brussels-Capital Region (referred to in French as "Région de Bruxelles-Capitale" and in Dutch as "Brussels Hoofdstedelijk Gewest") is home to roughly 11% of the Belgian population. It is therefore the least populous of the three Belgian regions. In geographical terms, the region is centrally located in Belgium within the territory of Flanders. Both French and Dutch are official languages. With a total of 19 associated municipalities, including the City of Brussels itself, the region has effectively coalesced into a single city. The largest municipalities after the City of Brussels itself are Schaerbeek with more than 130,000 inhabitants and the municipality of Anderlecht, which is home to around 127,000 people. The Brussels-Capital Region has existed in its current form since 01 January 1995. The government consists of a linguistically neutral Minister-President and four Ministers (two French speakers and two Dutch speakers), who are elected by the regional parliament. In addition to the regional government, both the French and Flemish-speaking communities exercise powers in Brussels. There is also a Governor, who acts as the central government's commissioner. The level below the regional parliament is, in turn, subdivided into municipal parliaments. With GDP per capita of EUR 82,100 (2023), the Brussels-Capital Region has the highest value of all Belgian regions – the national average comes in at EUR 51,140. With Brussels being home to organisations such as the EU and NATO, for example, this substantial figure is mainly attributable to the administrative and business headquarters of European institutions and multinational companies. This is reflected in a local economy that is extensively shaped by the service sector: in 2022, the provisional data indicates that 91.8% of all jobs were attributable to the tertiary sector. Alongside the EU institutions, banking and insurance, the transport sector and tourism are all of relevance to the economy. Like other major urban agglomerations, the Brussels-Capital Region is one of Europe's leading business centres (as measured by GDP). However, this is accompanied by a concentration of social risks. For instance, unemployment of 11.9% in Q2/2025 was significantly in excess of both the national (5.8%) and European (5.9%) averages. As a member of the European Union Network for the Implementation and Enforcement of Environmental Law (IMPEL), the Brussels-Capital Region has been advancing transformation programmes, particularly in the areas of sustainable mobility and neighbourhoods, as well as projects with a more general environmental focus, since 2014. The region has also committed to the European goal of achieving climate neutrality by 2050.

Gross value added by sector (2023)



A comparison of GDP per capita



Source: Issuer, NBB, Statistics Flanders, NORD/LB Floor Research

General information

Homepage

Population (2024)
6,821,770

Capital city
Brussels

Nominal GDP (2023)
EUR 356.0bn

Nominal GDP per capita (2023)
EUR 52,300

Unemployment (Q2/2025)
3.8%

Budget balance*
(as a % of revenue, 2024)
-7.4%

Bloomberg ticker
FLEMSH

Outstanding volume
EUR 37.7bn

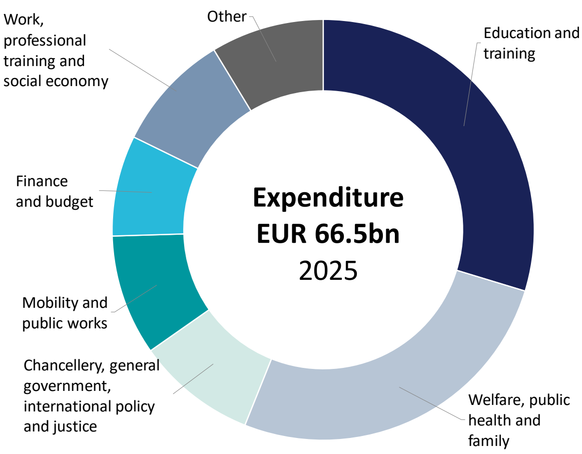
Ratings	Long-term	Outlook
Fitch	AA-	stab
Moody's	Aa3	neg
S&P	-	-

* Provisional values

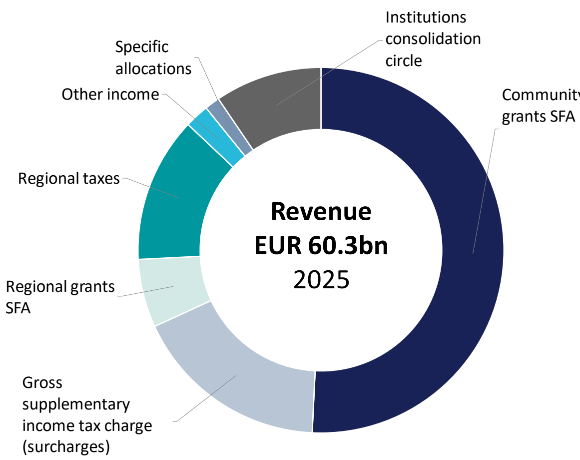
Flanders

With 6.8 million inhabitants, approx. 58% of the Belgian population lives in Flanders (referred to in French as Flandre and in Dutch as Vlaanderen). From a legal perspective, the Brussels-Capital Region is an official enclave within the Flemish region. After the city of Antwerp, which has a population of approx. 550,000 people, Ghent and Bruges are the next largest cities in Flanders with around 270,000 and 120,000 inhabitants respectively. Legislative authority is exercised by the Flemish parliament and the regional government. The Flemish parliament consists of 124 seats, of which 118 Council members are directly elected in Flanders, in addition to six Dutch-speaking members of the Council of the Brussels-Capital Region. Since 2010, the separatist party Nieuw-Vlaamse Alliantie (N-VA; New Flemish Alliance) has been the strongest force in the parliament, although the right-wing populist Vlaams Belang ("Flemish Interest") has made up ground on N-VA following the federal and regional elections in 2024. The Flemish government is led by Minister-President Matthias Diependaele (N-VA) as part of a coalition with the social democratic party Vooruit (Dutch for "Onward") and the Christian democrats CD&V. The regional economy is export-orientated, which is reflected in the fact that Flanders accounts for a high share of around 82% of total Belgian exports. Following the record year 2022, when an export volume of EUR 481.5bn was recorded, exports fell in 2024 to around EUR 418bn. The most important export products include pharmaceutical products, vehicles and mineral products. The region's primary source of income comes from federal allocations, which account for 51% of regional and municipal financial resources. A further 30% comes from its own fiscal instruments such as regional taxes (13%) and an additional surcharge on income tax (17%). Flanders continues to make use of the capital market to finance infrastructure and climate investments. The sub-sovereign, which is represented on the capital market via the Ministeries van de Vlaamse Gemeenschap under the FLEMSH ticker, uses its EMTN programme established in 2009 to issue benchmarks and sustainability bonds. In 2024, the total volume of the EMTN programme was increased from EUR 25bn to EUR 40bn. Flanders remains the economic heartbeat of Belgium, with a stable industrial base, strong exports and reliable access to capital markets. Despite its rising debt level, the region's budgetary situation appears sustainable. However, the institutional dependence on federal transfers limits fiscal autonomy and remains a structural feature of the Belgian system of financial equalisation.

Planned budget expenditures



Planned budget revenues



Source: Issuer, Eurostat, NORD/LB Floor Research

Wallonia

Wallonia, which makes up the southern half of the territory of Belgium, is the largest of the three Belgian regions by area (16,901km²). However, the most recent data puts the population of the region at around 3.7 million people, meaning that Wallonia accounts for less than one third of the total population of Belgium. Officially, Wallonia is bilingual: there is a French-speaking majority, with German speakers in the east of Wallonia accounting for a far smaller share of the population. The latter is known as the German-speaking Community of Belgium. Namur, which has a population of approx. 116,000 people, is the capital of Wallonia. Charleroi and Liège are the largest cities in the region, with populations of around 200,000 people in each case. Historically speaking, long-standing economic and political tensions have shaped relations between Wallonia and its Dutch-speaking neighbour to the north, Flanders. While Wallonia was home to a flourishing coal and steel industry at the beginning of the 20th century, its northern counterpart, Flanders, was regarded as structurally weak. Following the decline of heavy industry that started in the 1950s and a protracted process of structural change in the French-speaking part of Belgium, the balance of economic power began to shift in favour of Flanders. Today, with GDP per capita of EUR 36,900 (2023), Wallonia came in well below the national average, which stood at EUR 51,140. The economic strains related to the COVID-19 pandemic led to a rise in the sub-sovereign's debt level. In 2021, the government set up a committee (Comité de Suivi de la Dette) with the aim of ensuring that the debt burden remains sustainable. In addition, Wallonia has assumed the debts of several subordinate organisations referred to as "Unités d'Administration Publique", with the aim of cutting their financing costs and ensuring greater transparency. One example here are the SPABS (Sociétés Publiques pour l'Administration des Bâtiments Scolaires), public companies responsible for the management and financing of school buildings. Their debts are managed as direct regional debts financed through the regional budget. Wallonia regularly places bonds in benchmark format under the EMTN programme, which was established in 2012 and has a volume of EUR 30bn. In addition, Wallonia uses ESG bonds issued on the basis of the Green, Social & Sustainability Bond Framework, which was originally set up in 2019, to finance investments in the areas of education, energy efficiency and sustainable infrastructure. Private placements constitute another pillar of the refinancing strategy and serve to broaden the region's investor basis.

General information

Homepage

Population (2024)
3,692,283

Capital city
Namur

Nominal GDP (2023)
EUR 136.8bn

Nominal GDP per capita (2023)
EUR 36,900

Unemployment (Q2/2025)
7.8%

Budget balance*
(as a % of revenue, 2024)
-11.4%

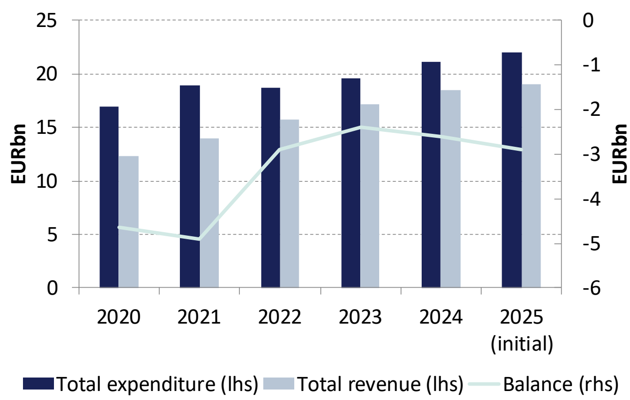
Bloomberg ticker
WALLOO

Outstanding volume
EUR 24.0bn

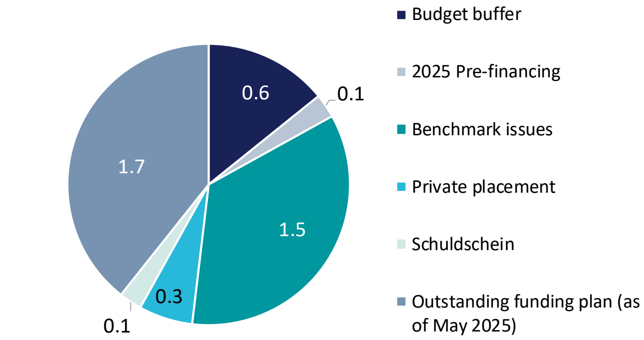
Ratings	**Long-term**	**Outlook**
Fitch	-	-
Moody's	A3	neg
S&P	-	-

* Provisional values

Public revenues and expenditure over time



Funding 2025



Source: Issuer, NORD/LB Floor Research

Wallonia-Brussels Federation

As is the case for the other two linguistic communities, Belgium's French community (referred to in French as the Fédération Wallonie-Bruxelles, or the Wallonia-Brussels Federation in English) forms part of the Belgian federal state. Its legal existence is codified in the Belgian constitution, whereby the competences cover all people resident in the territory defined as the "Region of the French language" within Belgium. This firstly comprises Wallonia (with the exception of members of the German-speaking community) and secondly extends to include the French-speaking institutions in the officially bilingual Brussels-Capital Region. Specifically, the Wallonia-Brussels Federation is responsible for the areas of education, culture, youth welfare and scientific research, in addition to justice, among other aspects. The community's parliament consists of a chamber with 94 indirectly elected deputies; of whom 75 are Walloon and 19 are French-speaking deputies from Brussels. At the federal and regional elections in 2024, 31 parliamentary seats went to the Reformist Movement (MR; Mouvement réformateur), 19 to Les Engagés, 24 to the Socialist Party (PS) and 12 to the Workers' Party of Belgium (PTB). As such, MR and Les Engagés therefore enjoy a stable parliamentary majority (50 of 94 seats) as the basis of their coalition government. Under the terms of the sixth state reform in 2014, the Belgian government boosted the powers of the community and has since guaranteed the requisite funding to exercise these. Since the Wallonia-Brussels Federation does not generate any direct tax revenues of its own, tax revenues collected and redistributed by the federal authorities represent the primary source of funding. Since the Special Financing Act was enacted in 1989, the Federation has enjoyed extensive autonomy in the area of budget management and has retained 99% of general revenues. Moreover, a solidarity action mechanism is enshrined in the financing act (Art. 54 LSF): this guarantees that the community can access a government loan in the event that payments owed by the central government are not serviced on time, the interest costs of which are also borne by the sovereign. The funding activities of the French Community of Belgium are additionally supported by selective capital market appearances. To this end, the sub-sovereign has an EMTN programme in place, for which a volume of EUR 14bn was determined in September 2024. Furthermore, the content of the existing Social Bond Framework has been expanded: under the motto "Having the courage to change for a brighter future", social bonds, as well as those in green and sustainable formats, can in future be placed under the Sustainable Bond Framework that has now come into force.

General information

Homepage

Population (2023)
4,842,867

Administrative headquarters
Brussels

Revenue (2024)
EUR 13.0bn

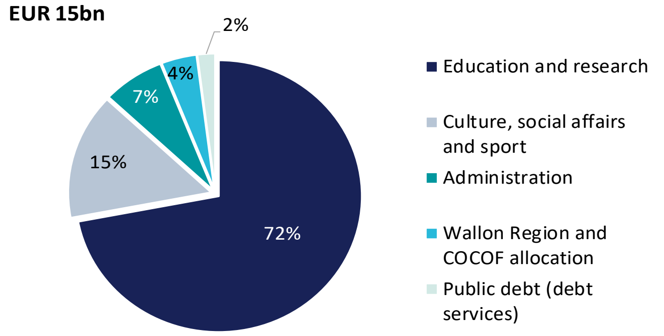
Budget balance*
(as a % of revenue, 2024)
+1.0%

Bloomberg ticker
LCFB

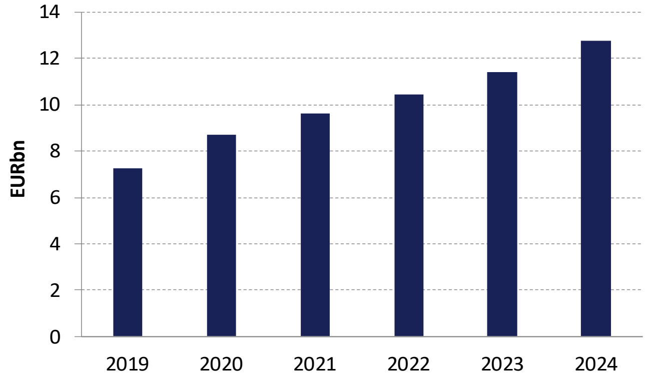
Outstanding volume
EUR 10.8bn

Ratings	Long-term	Outlook
Fitch	-	-
Moody's	A2	neg
S&P	-	-

Breakdown of planned budget expenditures 2024



Development of long-term (net) debt



Source: Issuer, NORD/LB Floor Research

General information

[Homepage]

Population (2024)
79,479

Administrative headquarters
Eupen

Nominal GDP (2023)
EUR 2.5bn

Nominal GDP per capita (2023)
EUR 31,469

Unemployment (2024)
6.8%

Budget balance*
(as a % of revenue, 2024)
-20.4%

Bloomberg ticker
DGBE

Outstanding volume
EUR 1.2bn

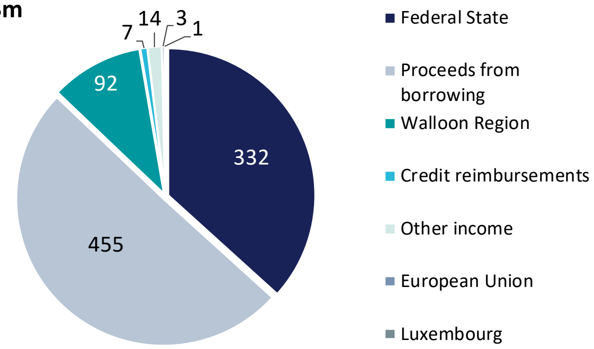
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	-	-

German-speaking Community of Belgium

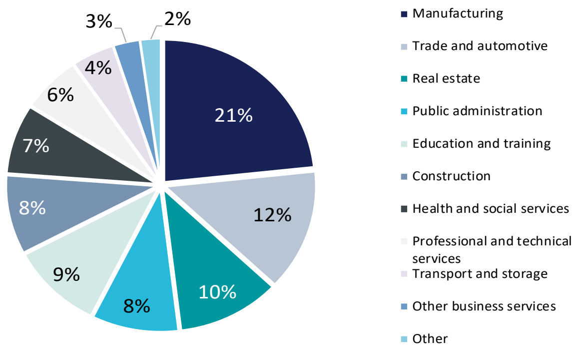
With a population of around 79,500, the German-speaking Community of Belgium (German: Deutschsprachige Gemeinschaft Belgiens (DG); French: Communauté germanophone) is the smallest federated member of the Belgian federal state. It covers an area of roughly 854km^2. The sub-sovereign is situated in the east of Belgium and borders the Netherlands, Germany and Luxembourg. As is the case with the two larger linguistic communities (Flemish and French), its legal existence is codified as part of the Belgian constitution. The path towards political autonomy dates back as far as the 1960s and continued through several state and constitutional reforms. Since the most recent major reform in 2014, the German-speaking Community of Belgium now enjoys a spectrum of competences that have been developed and extended over a significant period of time, incorporating areas such as culture, education, social affairs, healthcare, family policies and international relations. In parallel with the most recent state reform, supervisory responsibilities for the nine German-speaking municipalities, tourism, local authorities and employment were transferred from the government of Wallonia to the German-speaking Community of Belgium. The executive arm is made up of a four-strong government, which is elected by the parliament and appoints a Minister-President from among its members. The government is responsible for executing the decrees passed by the parliament, in addition to adopting and implementing a budget. The tenth government of the German-speaking Community of Belgium, which comprises the parties ProDG, CSP and PFF, took office in July 2024. Under the "East Belgium 2040" mission, it is pursuing a comprehensive education and digitalisation strategy that is closely aligned with the UN Sustainable Development Goals (SDGs). In 2023, gross value added of EUR 2.5bn was generated, with nominal GDP per capita coming in at EUR 31,469. In 2024, unemployment stood at 6.8%. With a share of 31.8% of gross value added, the importance of the secondary sector is particularly noteworthy. In fact, this is around 9 percentage points higher than in Wallonia and almost 7 percentage points more than in Flanders. In contrast, the tertiary sector is less important in relative terms. Overall, the German-speaking Community of Belgium obtains 95% of its funding from federal allocations, as well as grants from Wallonia and support from EU structural funds. In terms of its refinancing activities, the community launched an EMTN programme with a total volume of EUR 1bn. Issuances of EUR 150-250m are planned in 2026.

Composition of budget (2024)

EUR 903m



Gross value added by sector (2022)*



* Provisional values
Source: Issuer, NORD/LB Floor Research

RÉGION DE BRUXELLES-CAPITALE
FONDS RÉGIONAL BRUXELLOIS DE REFINANCEMENT DES TRÉSORERIES COMMUNALES

Brussels Regional Fund for Funding Municipal Budgets

The Brussels Regional Fund for Municipal Treasury Refinancing (in French: Fonds régional bruxellois de refinancement des trésoreries communales; FRBRTC) is an autonomous administrative entity of the City of Brussels and reports to the minister responsible for local authorities. It was created through the Ordinance of 08 April 1993, with the aim of refinancing communities unable to comply with the requirements of Art. 252 of the new Belgian Municipalities Act that stipulates the requirement of balanced budgets. The liabilities of the regional fund are fully guaranteed by the Brussels-Capital Region. Municipalities applying for support must present a financial plan that contains specific consolidation measures, which is then reviewed and approved by the regional government. A regional inspector is tasked with monitoring the implementation of these measures. Generally speaking, the loans provided by the FRBRTC feature a term of 20 years and a fixed annual interest date. The FRBRTC's remit was expanded through the Ordinance of 02 May 2002: in addition to its role as a refinancing agency, today it operates as the financial coordination centre for the 19 municipalities and public institutions charged with providing social services. Since 2011, the FRBRTC has also been empowered to grant investment loans, while responsibilities for administering municipal financing activities can be transferred to the fund upon request as well. In 2023, the city of Anderlecht received another loan of EUR 10.6m, making it the municipality with the highest level of borrowing since the fund was first established. After an absence of nearly 30 years, the municipality of Forest rejoined the group of credit recipients after drawing down a new loan of around EUR 10m. At present, 11 municipalities in total are receiving financial support from FRBRTC. In 2023, repayments from the municipalities to the fund rose further, reaching a new record high of EUR 32.1m. Total assets for 2024 stood at approx. EUR 1.2bn (2023: EUR 1.1bn), of which more than 98% is attributable to the municipal loans. Long-term liabilities amounted to EUR 650.9m, whereas short-term debt came to EUR 465.6m. On balance, it can be said that FRBRTC remains a core instrument for the stabilisation of municipal finances in the Brussels-Capital Region. The regional guarantee and clearly defined supervisory mandate mean that the default risk is low, although rising interest rates and the high level of dependency on a few municipalities do represent structural risks.

General information

Homepage

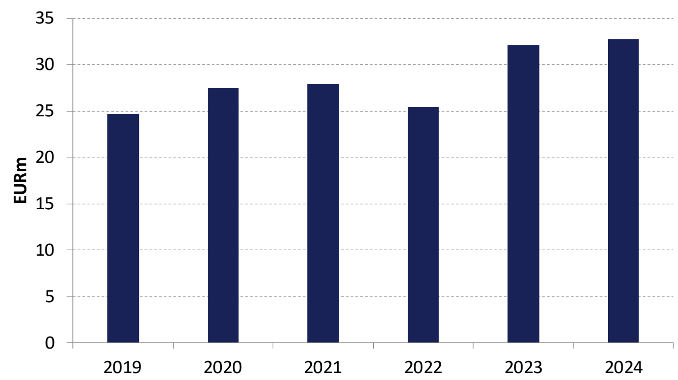
Administrative headquarters
Brussels

Bloomberg ticker
FRBRTC

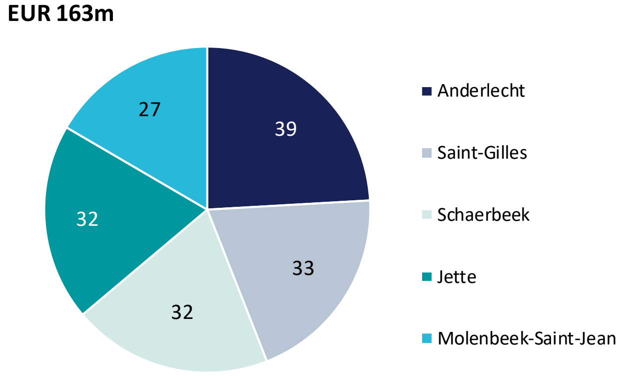
Outstanding volume
EUR 0.4bn

Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	-	-

Transfers from the City of Brussels over time



Top five restructuring loan recipients since 1993



Source: Issuer, NORD/LB Floor Research

Regulatory overview of RGLA* / **

Issuer	Risk weight	LCR classification	NSFR classification	Solvency II classification
Belgian regions	***0%***	***Level 1***	***0%***	***preferred (0%)***
German Laender	0%	Level 1	0%	preferred (0%)
French regions	0%	Level 1	0%	preferred (0%)
Italian regions	20%	Level 2A	15%	non-preferred (individual review)
Portuguese regions (Guaranteed Bonds: Madeira)	20% (0%)	Level 2A (Level 1)	15% (0%)	preferred (0%)
Spanish regions	0%	Level 1	0%	preferred (0%)

* Regional governments and local authorities
** NB: in the absence of an explicit guarantee from the respective nation state, the current LCR level is dependent on the relevant rating (see CQS classification and LCR classification of assets).
Source: NORD/LB Floor Research

Exemptions from the scope of application of the Leverage Ratio (CRD IV Art. 2 [5]) (examples)

EU	Central banks of Member States
Belgium	***Former exemptions before the law was amended on 29 December 2020:*** ***Institut de Réescompte et de Garantie/- Herdisconteringen Waarborginstituut***
Germany	Kreditanstalt für Wiederaufbau (KfW), Rentenbank, regional promotional banks explicitly listed under No. 5, undertakings which are recognised under the "Wohnungsgemeinnützigkeitsgesetz" as bodies of state housing policy and are not mainly engaged in banking transactions, and undertakings recognised under this same law as non-profit housing undertakings
France	Caisse des Dépôts et Consignations (CDC)
Spain	Instituto de Crédito Oficial (ICO)

Source: CRD IV, NORD/LB Floor Research

Regional governments and local authorities (solvency stress factor allocation of 0% possible; examples)

Country	Regional governments and local authorities
Belgium	***Communities (Communautés/Gemeenschappen), regions (Régions/Gewesten), municipalities (Communes, Gemeenten) & provinces (Provinces, Provincies)***
Germany	Laender, municipalities & municipal associations
France	Regions (régions), municipalities (communes), "Départements"

Source: (EU) 2015/2011, NORD/LB Floor Research

Summary of Belgian regions

Risk weight	0% (EBA list)
LCR classification	Level 1
NSFR classification	0%
Solvency II classification	Preferred (0%)

Source: NORD/LB Floor Research

Issuer (Ticker)	Population (2025)	Unemployment (Q2/2025)	Nominal GDP per capita (2023)	Outstanding volume	No. of bonds	Of which ESG	Rating
BRUCAP	1.2 million	11.9%	EUR 82,100	EUR 13.1bn	295	0	(- / - / A)
FLEMSH	6.8 million	3.8%	EUR 52,300	EUR 37.7bn	53	8	(AA- / Aa3 / -)
WALLOO	3.7 million	7.8%	EUR 36,900	EUR 24.0bn	170	9	(- / A3 / -)
LCFB	4.8 million	-	-	EUR 10.8bn	180	37	(- / A2 / -)
DGBE	0.1 million	6.8%	EUR 31,469	EUR 1.2bn	65	0	(- / - / -)
FRBRTC	-	-	-	EUR 0.4bn	43	0	(- / - / -)
Belgium	11.9 million	5.9%	EUR 51,140	EUR 524.7bn	129	2	(A+u / Aa3 / AAu)

Source: Bloomberg, STATBEL, Eurostat, European Commission, NORD/LB Floor Research (Rating: Fitch / Moody's / S&P)

Liability mechanism and regulatory aspects

Interestingly, the Belgian regions benefit from neither a horizontal financial equalisation nor an explicit guarantee from the Kingdom of Belgium. Fiscal relationships are structured vertically: the federal state distributes revenues in line with the Financing Act of 1989, which regulates the financing of the regions and communities on the basis of defined transfers. This structure is also a reflection of the political tensions between Flanders, Wallonia and Brussels that repeatedly feed into the distribution of budgets and power. There is no explicit liability mechanism in place between the federal state and its constituent sub-sovereigns. However, the rating agency Moody's, for example, believes it is "highly probable" that the federal government would step in to provide support to its sub-sovereigns in the event of payment difficulties – particularly against the background of the Financing Act of 1989. This regulates the entitlement of regions and communities to compensate for insufficient or untimely transfer payments from the central government by way of loans guaranteed by the latter. In terms of their classification in regulatory frameworks, bonds issued by the Belgian regions benefit from excellent treatment: in the context of the CRR/Basel III, for example, they are eligible for a risk weight of 0%. Moreover, they qualify as Level 1 assets under the LCR. In line with Solvency II, Belgian regions are also regarded as "preferred". The risk weight, and therefore also the LCR classification, are derived from Art. 115(2) CRR, according to which RGLA exposures are to be treated as exposures to the respective central government. For RGLA within the EU, for which this is the case, the European Banking Authority (EBA) maintains a relevant public database. As the sub-sovereigns are explicitly listed here, the risk weight is derived from Art. 114 CRR, whereby pursuant to paragraph 4, EUR-denominated exposures to central governments of the Member States are assigned a risk weight of 0%. As such, bonds issued by the Belgian regions generally benefit from the same regulatory advantages as bonds of the German Laender, for example.

Conclusion

The Belgian RGLA covered in this publication extend the traditional SSA portfolio with additional term and spread dimensions. This is also reflected in market volume growth: in 2025, the outstanding issuer universe rose to EUR 87.5bn as opposed to EUR 71.5bn in the previous year. In particular, the FLEMSH and WALLOO programmes are increasingly gaining ground in the market, although it should be stressed that the Belgian sub-sovereign sector remains small in structural terms in a European comparison and is exclusively denominated in EUR. The termination of ECB asset purchases under the APP and PEPP has precipitated a shift towards stronger demand on the part of private investors and has increased the importance of sound and reliable fiscal management. The spotlight is therefore increasingly falling on regional issuers with solid credit quality. For ESG-oriented investors, the Belgian sub-sovereign sector has become established as a serious alternative to German Laender bonds. Flanders, Wallonia and the Wallonia-Brussels Federation have well-established sustainable finance frameworks at their disposal and are increasingly making use of green, social and sustainability bonds for strategic investments, particularly in the fields of energy efficiency, education and infrastructure. In addition, private placements remain a tried and tested tool that allow the Belgian regions to flexibly address specific requirements in terms of maturity or volume. While political tensions are never too far from the table in Belgium, the recent formation of governments at both federal and regional levels has actually proven to be relatively uncomplicated. This ultimately serves to reinforce the impression that, despite their complex governance structures, the Belgian regions remain reliable and transparent issuers that continue to offer investors a solid risk-return profile.

Appendix
Publication overview

Covered Bonds:

Issuer Guide – Covered Bonds 2025

Risk weights and LCR levels of covered bonds (updated semi-annually)

Transparency requirements §28 PfandBG Q3/2025 (quarterly update)

Transparency requirements §28 PfandBG Q3/2025 Sparkassen (quarterly update)

Covered bonds as eligible collateral for central banks

EBA report on the review of the EU covered bond framework

SSA/Public Issuers:

Issuer Guide – German Laender 2025

Issuer Guide – Canadian Provinces & Territories 2024

Issuer Guide – Down Under 2024

Issuer Guide – European Supranationals 2025

Issuer Guide – Non-European Supranationals (MDBs) 2025

Issuer Guide – German Agencies 2025

Issuer Guide – French Agencies 2025

Issuer Guide – Nordic Agencies 2025

Issuer Guide – Dutch Agencies 2025

Issuer Guide – Austrian Agencies 2025

Beyond Bundeslaender: Belgium

Beyond Bundeslaender: Greater Paris (IDF/VDP)

Beyond Bundeslaender: Spanish regions

Fixed Income Specials:

ESG-Update 2025

ECB preview: No cut – Santa Owl expected to arrive empty-handed

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Institutional Sales MM/FX	+49 511 361-9460
Fixed Income Relationship Management Europe	+352 452211-515
Retail & Structured Products	+49 511 361-9420

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

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Time of going to press: 09 12 Dezember 2025 (15:49)