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Beyond Bundeslaender – Belgium

NORD/LB Floor Research

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Beyond Bundeslaender:
Belgium

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Public Issuers Special 2026
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, in which we also look in detail at Canada and Spain. Due to the variety of issuers and (in certain maturity segments) the significant pick-ups available, the sub-sovereigns analysed in this study may offer opportunities for investors in comparison with Belgian sovereign bonds and the German Laender. In this respect, our focus in this publication will once again be on the levels below the Belgian federal state, namely the regions and communities. 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 community exercises its responsibilities in Flanders and Brussels, the French community is located in the Walloon provinces and, likewise, in the Brussels-Capital Region. By far the smallest of the three, however, is the German-speaking community, also known as East Belgium, which covers nine municipalities in the extreme east of the Walloon province of Liège. The three language-based communities were introduced following the first state reform (1970). Through the second state reform (1980), the communities were each given a parliament and government of their own. In addition, Flanders and Wallonia were designated as independent regions. In contrast, the Brussels-Capital Region did not obtain its institutions until the third state reform in 1988/89. The fourth state reform of 1993 saw Belgium officially become a fully-fledged federal state. Further reforms (2001 and 2011-2014) served to strengthen the regions and communities by granting them additional responsibilities and powers, including wide-ranging elements of self-government and greater financial independence. 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, three separate parliaments and three governments actually coexist in the region of Wallonia. Over in Flanders, the situation is slightly different, whereby the regional institutions and institutions pertaining to the Flemish community are merged. Both the regions and communities can exercise legislative powers in certain areas. The most recent elections at federal level in Belgium took place on 09 June 2024 and were held in parallel with European, regional and community elections. Federal and regional elections take place every five years in a regular cycle. 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 proved to be far more complex on account of the profound regional ties of the party-political landscape and ideological fragmentation along linguistic lines. In the end, it took 234 days of political negotiations before Belgium finally succeeded in forming a new federal government on 31 January 2025. The government programme of the "Arizona Coalition" was also focused on budgetary consolidation. However, the government is now on the brink of failure precisely for this reason.

Belgian provinces

Since the fourth state reform (1993/94), Belgium has been split into a total of ten provinces, five of which are located in Flanders and five in Wallonia. In the wake of this reform, the province of Brabant split into two new provinces: Flemish Brabant and Walloon Brabant. Since the separation 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, in particular, the regions. Members of the Provincial Councils are directly elected for six-year terms. 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 (in Flanders this is known as a standing committee, while in Wallonia the term provincial college is used) tasked with handling implementation of the resolutions adopted by the Provincial Council and ensuring day-to-day administration in the provinces. These bodies are chaired by a Governor, although this is not an elected position. In fact, 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. Moreover, there are also five Walloon provinces: Walloon Brabant, Hainaut, Liège, Luxembourg and Namur. The arrondissements constitute the next-smallest sub-provincial administrative level ("arrondissements" in French and "arrondissementen" in Dutch). Overall, Belgium is divided into 43 arrondissements, although delving deeper into the minutiae of these administrative levels would not make sense given the scope of this publication.

Interregional tensions place a strain on Belgian politics

For decades now, Belgium has been shaped by regional tensions 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-seated, entrenched conflicts are rooted in linguistic, economic and political contexts. Belgium was officially declared a federal state in 1993 in order to satisfy growing demands for autonomy. However, the geographical and linguistic dividing lines – 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 point of contention is the economic disparity between the regions. While Flanders is a prosperous and economically dynamic region, Wallonia is burdened by structural challenges and higher unemployment rates due to the decline of traditional industries such as coal mining. The allocation of financial resources between the regions therefore remains a near-permanent cause of antipathy. The party-political landscape is definitively 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 arena. 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 to achieve greater autonomy or even independence. Conversely, large swathes of the Walloon population fear 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, 12 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-national 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 sworn in on 03 February 2025. However, the government is now already on the brink of collapse due to an ongoing dispute over the budget for 2027 and the scope of the consolidation measures planned therein. Specifically, it concerns a savings package of EUR 10bn, for which no majority has yet been achieved. Prime Minister Bart De Wever has already submitted his resignation to the King, who (for the time being?) politely declined.

Deficit procedure of the European Commission and need for fiscal adjustments

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. In line with the Maastricht criteria, the annual new debt (deficit ratio) of a Member State must not exceed a value of 3% of GDP, while the debt ratio must be kept below 60% of GDP. After falling to 3.5% in 2022, the Belgian budget deficit grew continually in subsequent years and reached a value of 5.2% in 2025. A deficit ratio on par with the prior year is projected for 2026, with current forecasts suggesting this will start to rise again in 2027. At the same time, at 107.9% of GDP, national debt in 2025 remained at a high level (2024: 103.9%). Moreover, further increases to 110.5% and 112.8% of GDP are projected for 2026 and 2027, respectively, which will place an additional strain on the state's capacity for long-term debt sustainability. The European Commission continues to identify a significant need for consolidation and points in particular to the high structural deficits, rising age-related expenditures, higher interest charges and additional defence spending as key challenges for public finances. At the same time, it underlines the need for stronger fiscal coordination between the federal government, regions and communities. Against this backdrop, in March 2026 the federal and federated authorities reached an agreement on closer fiscal cooperation. The core of this deal revolves around multi-year budget targets at all levels of state, in addition to strengthening the powers of the High Council of Finance (HCF) in order to improve budget planning and compliance with EU fiscal rules. This body evaluates budgetary, financial and fiscal policies, in addition to proposing recommendations for adjustments and reforms. The European Commission has already identified a need for reform in the Belgian tax system. High income taxes, which already apply to average incomes, and a complex system of tax breaks and wage subsidies do little to incentivise work, in the Commission's view. To counteract this, the Belgian government is planning to increase the employment bonus for low-income groups and to gradually raise the basic tax-free allowance by 2030, among other measures. Belgium's Recovery and Resilience Plan (RRP) features a volume of EUR 5.3bn, whereby 74% of the funds have already been paid out. The RRP is being used to support the financing of reforms and investments aimed at bolstering the country's competitive standing and economic resilience, in addition to funding the green and digital transformation. Belgium remains subject to the excessive deficit procedure which was initiated following the adoption of a resolution by the Council of the European Union on 26 July 2024.

2025 values

Nominal GDP (2024)
EUR 642bn (EUR 620bn)

Real GDP growth (2024)
+1.0% (+1.1%)

Nominal GDP per capita (2024)
EUR 53,930 (EUR 52,310)

Unemployment (2024)
6.2% (5.7%)

Budget balance (2024)
EUR -33.2bn (EUR -27.1bn)

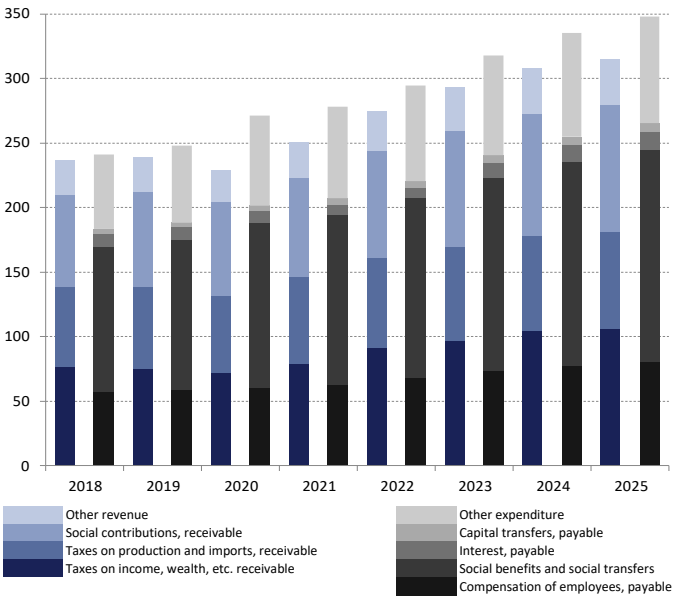
Balance / GDP (2024)
-5.2% (-4.4%)

Debt / GDP (2024)
107.9% (103.9%)

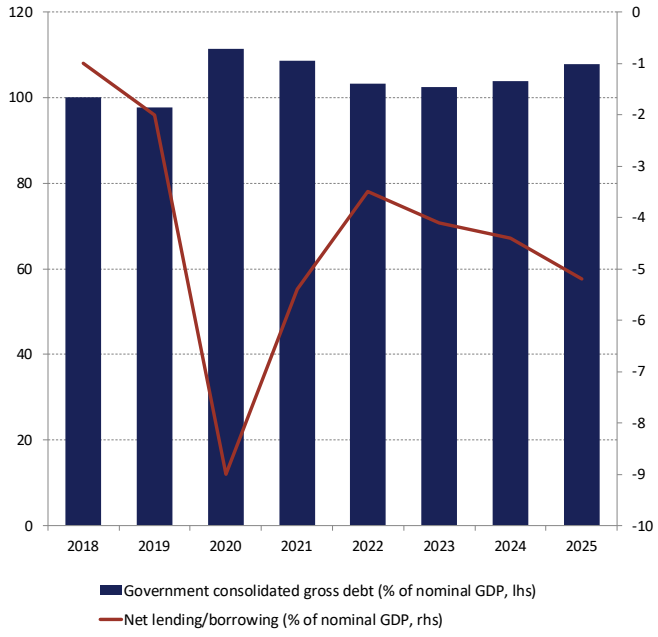
The Belgian economy – an overview

With nominal gross domestic product (GDP) per capita amounting to approx. EUR 53,930 in 2025, Belgium came in above the EU average of around EUR 41,570. However, economic output varies considerably on a regional basis: In 2024, the Brussels-Capital Region registered a value of roughly EUR 85,300 for GDP per capita, with Flanders and Wallonia both lagging a fair way behind at around EUR 53,600 and EUR 38,800 respectively. This data serves to highlight the existing disparities within Belgium. The vast majority of economic output stems from the service sector. In 2025, the tertiary sector contributed around 78.7% of gross value added, with the secondary sector responsible for a share of 20.5%. At just 0.8%, the primary sector makes only a marginal contribution. Belgium is also heavily reliant on trade: while Belgium may have been ranked down in 13th place in an EU comparison for 2025 with exports of EUR 484.4bn and imports amounting to EUR 497.4bn, the state's export and import ratios (75.5% and 77.5% of GDP respectively) are actually significantly in excess of the EU average. Declining exports and a historic low in successful planning permissions have hampered economic growth. In contrast, private consumption supported economic development. Consumer spending on the part of private households amounted to approx. 52% of GDP in 2025. Belgium recorded real economic growth of +1.0% in 2025. However, projections from the European Commission point to lower growth for 2026 (+0.7%) and 2027 (+0.9%). Belgium's debt-to-GDP ratio stood at around 107.9% in 2025, which is the fourth highest figure across the EU. This is projected to rise to 110.5% for 2026 and 112.8% for 2027. As such, public finances remain under pressure: after reaching -4.4% of GDP in 2024, the deficit increased to -5.2% in 2025. The Belgian economy continues to face challenges on several fronts, whereby weaker productivity growth and, in particular, persistent geopolitical tensions with the associated inflationary effects are curbing economic development.

Government revenues and expenditures (EURbn)



Sovereign debt and 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:

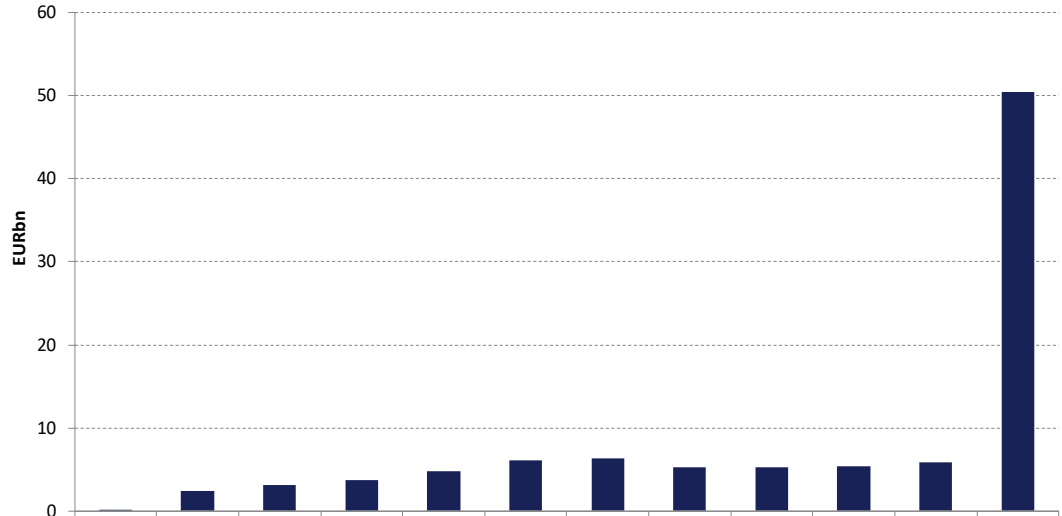
- ANTWRP (Provincie of Antwerp)
- **BRUCAP** (Brussels-Capital Region)
- BRUGGE (City of Bruges)
- DENDEM (Stad Dendermonde)
- DGBE (German-speaking Community of Belgium)
- **FLEMSH** (Ministries of the Flemish Community)
- **FRBRTC** (Brussels Regional Fund for Municipal Treasury Refinancing; guaranteed 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 (Stad Mechelen)
- SPABSS (Société Publique d'Administration des Bâtiments Scolaires)
- STDNZE (Stad Deinze)
- VILLIE (Ville de Liege)
- **WALLOO** (Region of Wallonia)
- ZOTTGM (Stad 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 99.0bn split across 863 separate ISINs. In this context, FLEMSH (EUR 43.4bn) and WALLOO (EUR 27.0bn) lead the way, followed at some distance behind by BRUCAP (EUR 14.0bn) and LCFB (EUR 12.5bn). Finally, DGBE (EUR 1.2bn) and FRBRTC (EUR 0.4bn) complete the picture. FLEMSH has been top of the table in this regard for many years now. Due to increased benchmark-size issuance activities, 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. While on the one hand liquidity suffers under these circumstances, on the other 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 the "Agencies" category. Both are classified as local public-sector issuers (Société Wallone du Crédit Social and Brussels Regional Fund for Municipal Treasury Refinancing [FRBRTC guaranteed by BRUCAP]).

Bonds outstanding by currency



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	>2036
Other	0	0	0	0	0	0	0	0	0	0	0	0
EUR	114	2,381	3,110	3,731	4,838	6,077	6,363	5,300	5,335	5,409	5,842	50,459

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

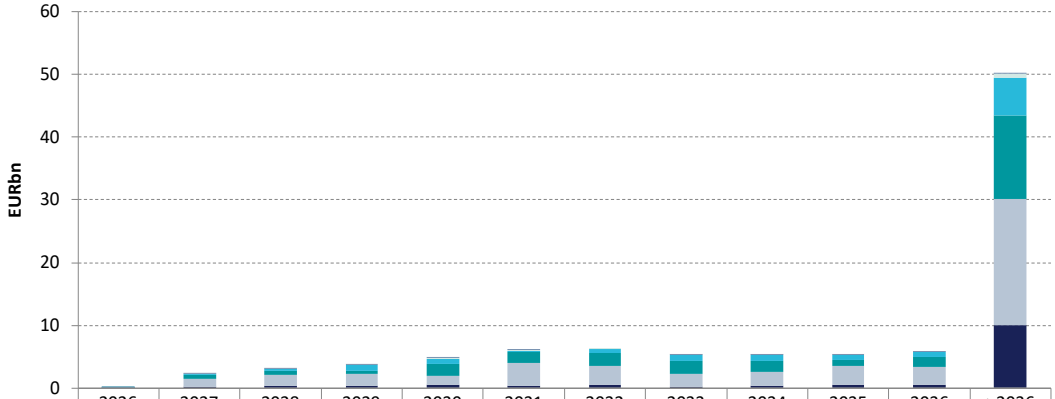
Focus on long maturities

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 863 bonds are now outstanding overall – as against 835 in our previous study. 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 comes to EUR 99.0bn overall. Once again, there are no foreign currency bonds to discuss. Accordingly, the FX segment plays no role in the composition of the liabilities, whereby any diversification occurs solely in relation to maturities of differing lengths. A total of EUR 50.5bn or 51.0% of the outstanding bond volume will only fall due after 2036, which unequivocally shows that the issuers in question are opting for an extremely long-term refinancing strategy. Of the 863 bonds outstanding, a total of 59 meet the criterion of a benchmark bond (outstanding volume: EUR ≥500m). Alongside 28 bonds issued by the Flemish Community (ticker: FLEMSH) and 19 bonds from Wallonia (ticker: WALLOO), this now includes nine bonds issued by the Wallonia-Brussels Federation (French Community of Belgium; ticker: LCFB) and three ISINs attributable to the Brussels-Capital Region (ticker: BRUCAP). ESG bonds issued on the basis of the associated frameworks have also 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 (863), a total of 712 bonds feature a fixed coupon. This equates to a share of 82.5%. These are followed by FRNs (floating rate notes; 13.9%) and bonds with a variable rate, which only account for a marginal share. Zero-coupon bonds and step-up coupon bonds 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



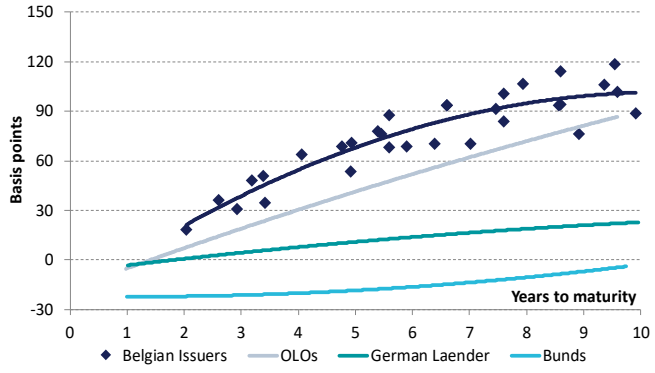
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	>2036
FRBRTC	10	24	18	26	53	49	0	10	20	70	30	128
DGBE	0	79	75	53	71	70	67	61	65	64	35	588
LCFB	55	165	340	815	825	270	630	908	915	733	750	6,073
WALLOO	25	557	594	594	1,862	1,695	2,065	2,035	1,720	1,040	1,654	13,160
FLEMSH	0	1,320	1,750	1,849	1,517	3,640	3,103	2,031	2,250	2,995	2,800	20,129
BRUCAP	10	225	325	358	500	350	498	255	355	497	565	10,087

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

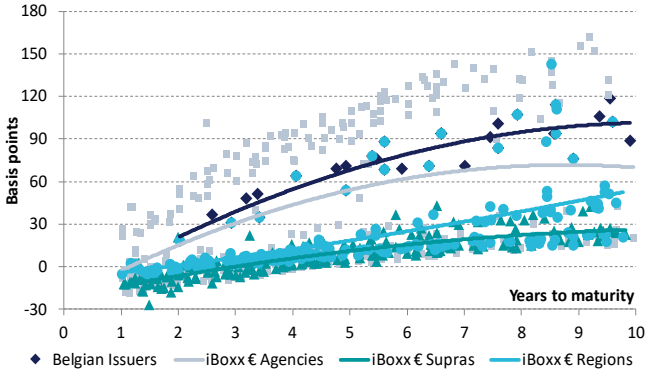
Belgian regions in the iBoxx € Regions and spread analysis

There is no doubt that the Belgian regions rank among the most important issuers in the sub-sovereign segment, which can be clearly seen in the composition of the iBoxx € Regions. In global terms, the undisputed leading issuer group remains the German Laender with a volume weighting of 66.7%. After the Canadian provinces (13.8%), Belgian sub-sovereigns claim the bronze medal with a share of 12.7%. 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 versus their German counterparts. Risk premiums are also in evidence 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 17 November 2026



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 located close to the centre of 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 are Schaerbeek with around 130,000 inhabitants and the municipality of Anderlecht, which is home to roughly 129,000 people. The Brussels-Capital Region has existed in its current form since 01 January 1995. The government comprises a French-speaking Minister-President and four Ministers (two French speakers and two Dutch speakers), who are elected by the regional parliament. In addition, the parliament elects three regional state secretaries, at least one of whom must be a Dutch speaker. Although the state secretaries are not officially part of the government, they do regularly take part in meetings and exercise the powers delegated to them by members of the government. With GDP per capita of EUR 85,300 (2024), the Brussels-Capital Region registers by far the highest value for this metric at the level of the Belgian regions, while the national average comes to EUR 52,310. This situation can be attributed in particular to the fact that Brussels boasts a high concentration of multinational companies and international institutions, including the EU and NATO, which also entails a pronounced commuter effect. This is reflected in a local economy that is extensively shaped by the service sector: in 2023, approx. 93.8% of all jobs were attributable to the tertiary sector. 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 12.7% in Q2/2026 was significantly in excess of both the national (6.1%) and European (6.0%) averages. As a member of the European Union Network for the Implementation and Enforcement of Environmental Law (IMPEL), the Brussels-Capital Region is committed to advancing environmental and climate protection. The region has also pledged to support efforts aimed at achieving the European goal of climate neutrality by 2050. Plans are in place for the implementation of a climate blueprint to support this transformation process, for which funds in the amount of EUR 232m are to be mobilised.

General information

Homepage

Population (2025)
1,255,795

Capital city
Brussels

Nominal GDP (2024)
EUR 108.2bn

Nominal GDP per capita (2024)
EUR 85,300

Unemployment (Q2/2026)
12.7%

Budget balance* (as a % of revenues, 2025)
-10.5%

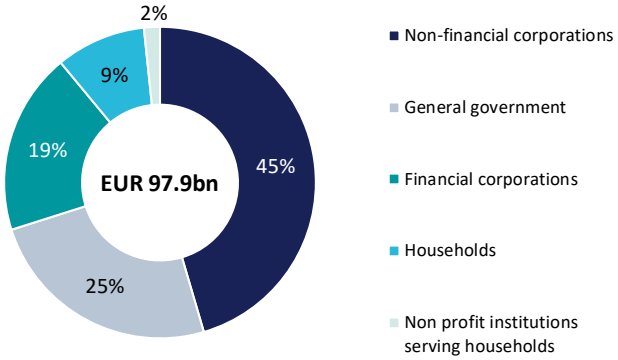
Bloomberg ticker
BRUCAP

Outstanding volume
EUR 14.0bn

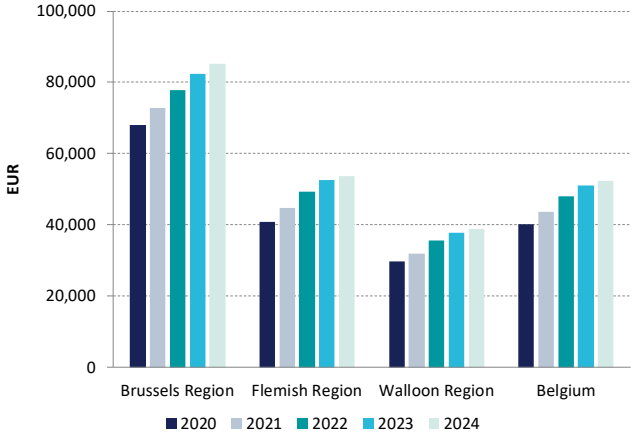
Ratings	Long-term	Outlook
Fitch	-	-
Moody’s	-	-
S&P	A	neg

* Provisional values

Gross value added by sector (2024)



Comparison of GDP per capita



Source: Issuer, Eurostat, NBB, NORD/LB Floor Research



Flanders

With around 6.9 million inhabitants, approx. 58% of the Belgian population lives in Flanders (referred to in French as “la Flandre” and in Dutch as “Vlaanderen”). The independent Brussels-Capital Region forms an enclave within the territory of the Flemish region and is therefore not part of Flanders. After the city of Antwerp, which has a population of around 562,000 people, Ghent and Bruges are the next largest cities in Flanders with around 273,000 and 120,000 inhabitants respectively. Legislative authority is exercised by the Flemish parliament, while the regional government forms the executive arm. 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 and the Christian democrats CD&V. The regional economy is heavily export-orientated, which is reflected in the fact that Flanders accounts for roughly 80% of Belgian exports and 85% of imports. Following the record year for exports in 2022 (EUR 481.5bn), the export volume declined in subsequent years and stood at around EUR 402bn in 2025. The region’s primary source of income comes from federal funding allocations, which account for 50% 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%). Moreover, the sub-sovereign is pursuing a sustainability agenda as part of its “Vision 2050” strategy, which focuses on the energy and mobility transition in addition to sustainable construction with the aim of supporting the move to a climate-neutral economy. At the same time, the region is promoting social investments, particularly in the areas of education and healthcare. To finance these aims, Flanders is active on the capital market via the Ministeries van de Vlaamse Gemeenschap under the Bloomberg ticker FLEMSH and uses its EMTN programme – launched in 2009 and with a current maximum capacity of EUR 55bn – to issue EUR benchmark bonds and sustainability bonds.

General information

Homepage

Population (2025)
6,864,766

Capital city
Brussels

Nominal GDP (2024)
EUR 367.5bn

Nominal GDP per capita (2024)
EUR 53,600

Unemployment (Q2/2026)
4.0%

Budget balance* (as a % of revenues, 2025)
-5.2%

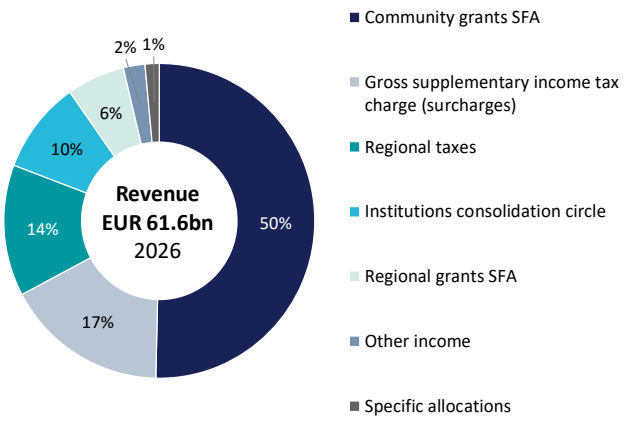
Bloomberg ticker
FLEMSH

Outstanding volume
EUR 43.4bn

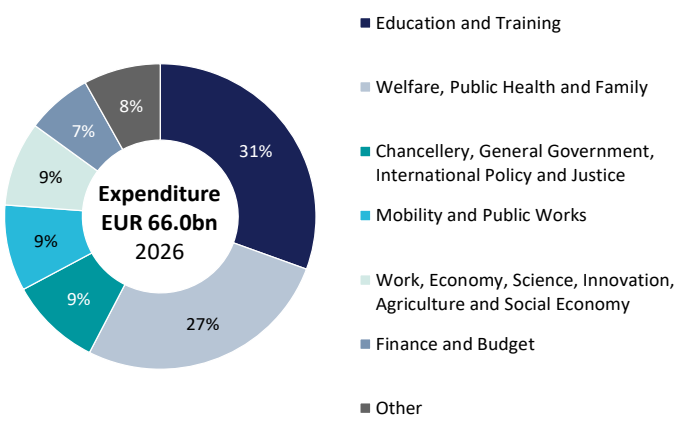
Ratings	Long-term	Outlook
Fitch	AA-	stab
Moody’s	A1	stab
S&P	-	-

* Provisional values

Planned budget revenues



Planned budget expenditures



Source: Issuer, Eurostat, NORD/LB Floor Research



Wallonia

Wallonia, which makes up the southern half of the territory of the Kingdom of Belgium, is the largest of the three Belgian regions as measured by area (16,901km²). According to current population data, around 3.7 million people live in the region, which is just under one third of the total population of Belgium. Wallonia encompasses a predominantly French-speaking area in addition to the German-speaking community in the east of the region. Namur, which has a population of roughly 115,000 people, is the capital of Wallonia. Charleroi and Liège are the largest cities in the region, with populations of around 206,000 and 197,000 people respectively. While Wallonia was once home to a flourishing coal and steel industry at the beginning of the 20th century, as part of the "Research, Innovation & Economy 2027-2034" strategy, regional economic and innovation policy now revolves around the five strategic pillars of healthcare, decarbonisation, aerospace, nutrition systems and industries of the future, whereby at least 75% of the available funding is to be allocated to these areas. However, with GDP per capita of EUR 38,800 (2024), Wallonia lags well behind the national average of EUR 52,310. The economic strains related to the COVID-19 pandemic led to a sharp rise in the sub-sovereign's debt level. Over the past five budget years, the debt level has risen by +60% overall. According to current calculations, direct debt could amount to EUR 32.8bn by the end of 2026, before rising to as much as EUR 37.6bn by the end of 2029. These figures include the debts assumed by the region of Wallonia 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. Provisional budget planning for 2026 points to another substantial deficit. Budgeted revenues amounting to EUR 18.5bn are outweighed by expenses of EUR 21.3bn, which underlines the ongoing financing requirement of the region. Wallonia regularly places bonds in benchmark format under its EMTN programme, which was established in 2012 and has a current volume of EUR 30bn. In addition, ESG bonds were added to the funding mix in 2019. Private placements constitute another pillar of the funding strategy and contribute to the diversification of the investor base.

General information

Homepage

Population (2025)
3,704,990

Capital city
Namur

Nominal GDP (2024)
EUR 144.4bn

Nominal GDP per capita (2024)
EUR 38,800

Unemployment (Q2/2026)
8.0%

Budget balance* (as a % of revenues, 2025)
-12.0%

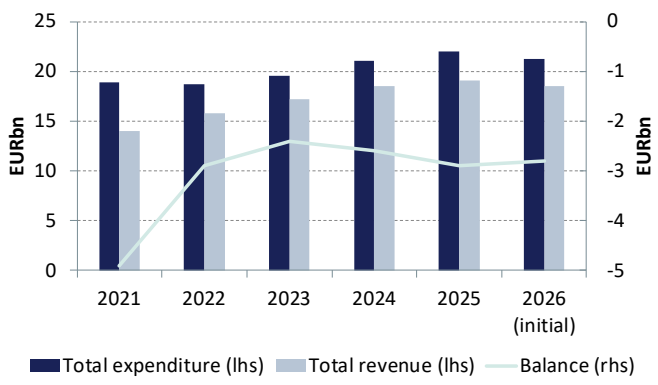
Bloomberg ticker
WALLOO

Outstanding volume
EUR 27.0bn

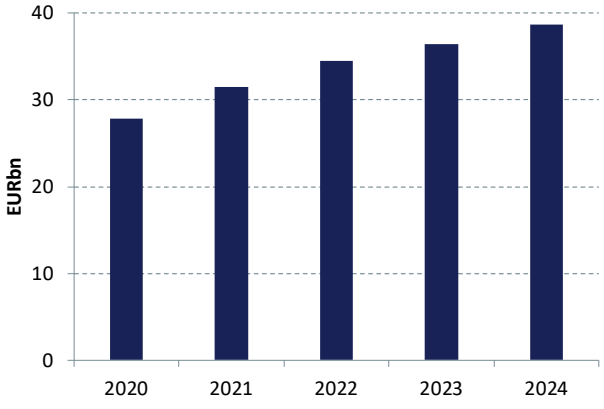
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	Baa1	stab
S&P	-	-

* Provisional values

Public revenues and expenditures



Consolidated gross debt



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, with its responsibilities covering the French-speaking area of Wallonia as well as the French-speaking inhabitants and institutions of the Brussels-Capital Region. Specifically, the main competences of the Wallonia-Brussels Federation include education, culture, sport, scientific research and justice. In addition, the community takes on tasks in relation to international relations, infrastructure and language promotion. The community's parliament consists of a chamber with 94 indirectly elected deputies, 75 of whom 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 (LE), 24 to the Socialist Party (PS), 12 to the Workers' Party of Belgium (PTB) and further eight on two smaller parties. As such, MR and LE therefore enjoy a stable parliamentary majority (50 of 94 seats) and additionally form the coalition government. As part of Belgium's process of federalisation, the Belgian government gradually transferred national competences to the individual communities. At the same time, the financing required to exercise these powers is guaranteed by the state. This is based on the Special Financing Act (LSF; Loi spéciale de financement) of 16 January 1989, which was most recently revised as part of the sixth state reform in 2014. This law regulates the distribution of financial resources between the federal state and the communities/regions. At its core, therefore, the funding side of the French Community of Belgium revolves around the LSF. 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 French Community of Belgium also meets its funding requirements on the basis of selective capital market appearances. To this end, the sub-sovereign has an EMTN programme in place, the volume of which was upped to EUR 15bn in 2026. After expanding the Social Bond Framework, since 2024 the Wallonia-Brussels Federation has, in addition to social bonds, been able to issue bonds in green and sustainable format under the Sustainable Bond Framework that has now come into force.

General information

Homepage

Population (2025)
4,755,669

Administrative headquarters
Brussels

Revenue (2025)
EUR 13.4bn

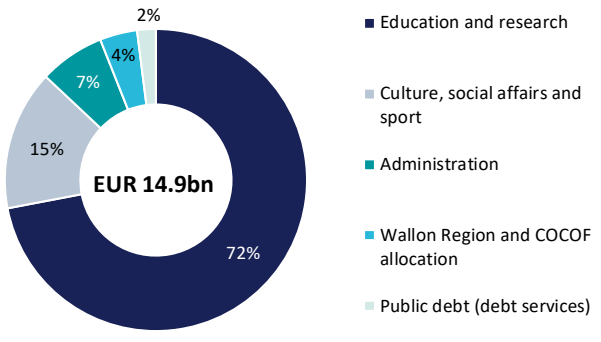
Budget balance* (as a % of revenues, 2025)
-11.1%

Bloomberg ticker
LCFB

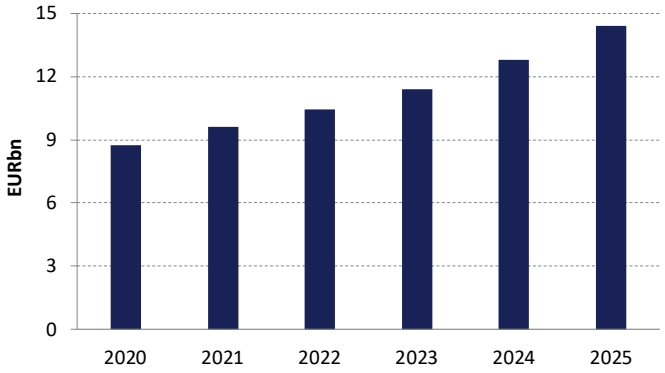
Outstanding volume
EUR 12.5bn

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

Breakdown of planned budget expenditures 2025



Development of (net) debt



Source: Issuer, NORD/LB Floor Research



General information

Homepage

Population (2025)
79,537

Administrative headquarters
Eupen

Nominal GDP (2024)
EUR 2.6bn

Nominal GDP per capita (2024)
EUR 32,848

Unemployment (2025)
7.0%

Budget balance* (as a % of revenues, 2025)
+0.2%

Bloomberg ticker
DGBE

Outstanding volume
EUR 1.2bn

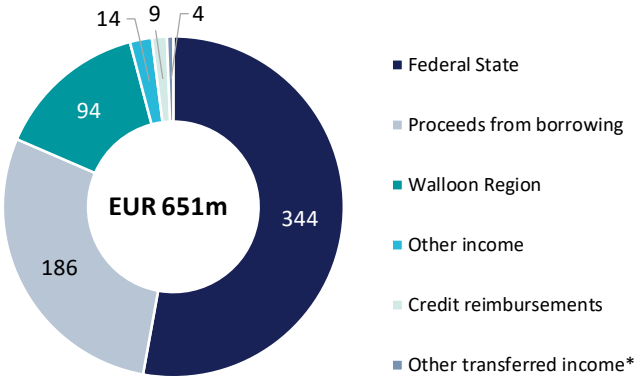
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	-	-

* Provisional values

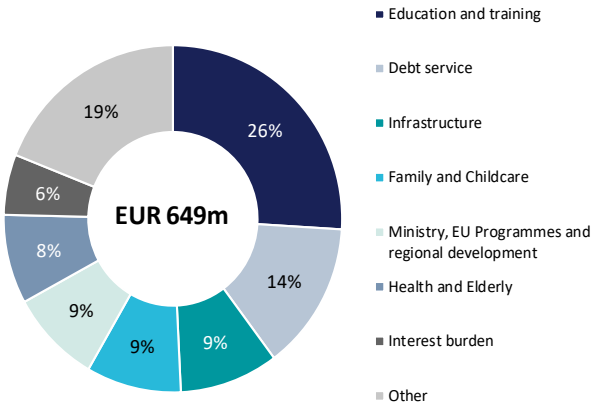
German-speaking Community of Belgium

With a population of around 79,500 people, the German-speaking Community of Belgium (German: "Deutschsprachige Gemeinschaft Belgiens" (DG); French: "Communauté Germanophone") is the smallest federated member of the Belgian state. For its internal and external communications, the community refers to itself as "East Belgium", which reflects its geographical location within the country. Covering an area of roughly 854km^2, the region borders Germany, Luxembourg and the Netherlands. As is the case with the two larger linguistic communities (Flemish and French), its legal existence is codified in the Belgian constitution. The modern political autonomy enjoyed by DG is the result of a series of Belgian state reforms since the end of the 1960s. In this context, its responsibilities were gradually expanded and supported by the provision of additional funding on the part of the federal state. Following the sixth state reform in 2014, the German-speaking Community of Belgium finally gained constitutional autonomy in addition to a spectrum of competences in the areas of social affairs, healthcare and justice. In parallel, additional responsibilities were transferred from Wallonia to the DG, including supervisory duties for the nine German-speaking municipalities, tourism, local authorities and employment policy. The government is elected by the parliament and is currently composed of four members (it can be a maximum of five), with a Minister-President appointed from among these members. The government is responsible for executing the decrees passed by the parliament and proposes the intended use of budget funds. The tenth DG government, comprising 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). After high inflation and rising energy prices in 2024 and 2025 led to an aggregated deficit of approx. EUR 365m, DG will strive to gradually consolidate its budget over the years to come. From 2029 onwards, the aim is to no longer post any negative budget balances. In parallel to this, DG is pursuing an investment programme to the tune of around EUR 540m for the period up to 2035, which primarily seeks to mobilise social and green investments. Overall, 95% of DG revenues in 2025 came from federal funding allocations, as well as grants from Wallonia. The community has had an EMTN programme in place since 2021 in order to support its refinancing activities. The maximum programme volume was increased to EUR 1.5bn in 2025.

Composition of budget (2025)



Budget expenditures (2025)



* includes payments from the EU and Luxembourg
Source: Issuer, NORD/LB Floor Research

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

General information

Homepage

Administrative headquarters
Brussels

Bloomberg ticker
FRBRTC

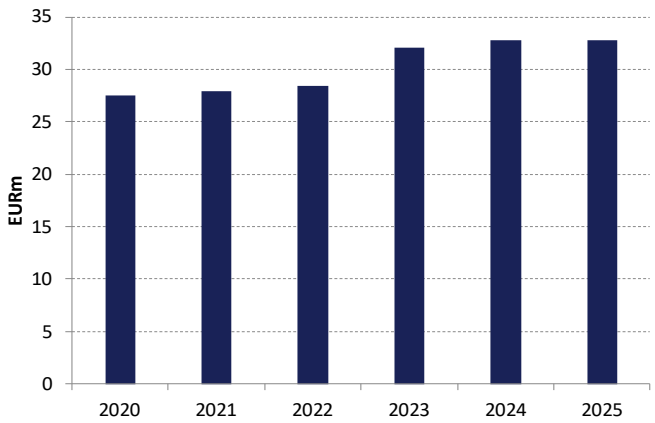
Outstanding volume
EUR 0.4bn

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

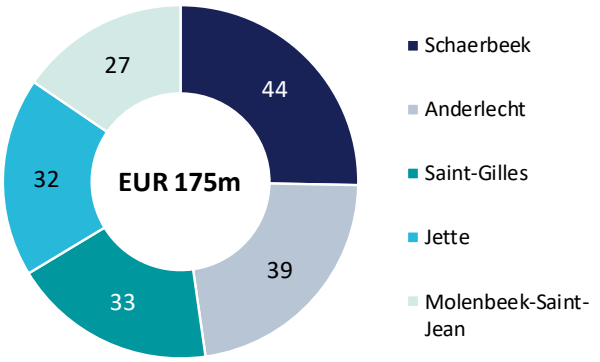
Brussels Regional Fund for Municipal Treasury Refinancing

The Brussels Regional Fund for Municipal Treasury Refinancing (French: "Fonds régional bruxellois de refinancement des trésoreries communales"; FRBRTC) is an autonomous administrative entity of the Brussels-Capital Region and reports to the minister responsible for local authorities. It was created through the Ordinance of 08 April 1993, with the aim of refinancing municipalities unable to comply with Art. 252 of the new Belgian Municipalities Act that stipulates a requirement for balanced budgets. The fund's liabilities are guaranteed in full by the Brussels-Capital Region. Municipalities applying for support must initially analyse their financial situation before presenting a financial plan that contains specific consolidation measures, which is then reviewed and approved by the regional government. Once a loan is granted, the municipality is subject to monitoring by a regional inspector across the entire duration of this financial support. The FRBRTC's remit was expanded through the Ordinance of 02 May 2002: in addition to its role as a refinancing agency, today it also acts as a financial coordination centre for local authorities, advising and supporting them in all matters relating to liquidity and debt management. Within this framework, the FRBRTC grants long-term loans to finance investments as well as short-term loans in the form of temporary advances. Since 2011, the FRBRTC has also been empowered to grant investment loans for municipal projects on the basis of a funding policy defined by the government. In 2024, Schaerbeek received a further loan of EUR 12.0m, making it the municipality with the highest level of borrowing since the fund was first launched. After its loan in 2023, the municipality of Forest also received an additional EUR 1m in 2024. Since 1993, the FRBRTC has provided support in the amount of EUR 235.6m to 11 municipalities in the region. Moreover, the FRBRTC granted loans in the amount of EUR 210m to municipalities as part of the restructuring plan for public hospitals in the Brussels-Capital Region (1995 Hospital Restructuring, IRIS plan). At EUR 32.8m, in 2025 the repayments by municipalities to the fund remained at the highest level. 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 the high level of dependency on just a handful of municipalities does represent a structural risk.

Transfers from the City of Brussels



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/Herdiscontering- en Waarborginstituut***
Germany	Kreditanstalt für Wiederaufbau (KfW), Landwirtschaftliche 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), “départements”, municipalities (communes), local authorities with special status (“collectivité à statut particulier”) or intermunicipal entities with taxing authority (“établissement public de coopération intercommunale à fiscalité propre”)

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 rate (Q2/2026)	Nominal GDP per capita (2024)	Outstanding volume	No. of bonds	Of which ESG	Rating
BRUCAP	1.3 million	12.7%	EUR 85,300	EUR 14.0bn	301	0	(- / - / A)
FLEMSH	6.9 million	4.0%	EUR 53,600	EUR 43.4bn	57	9	(AA- / A1 / -)
WALLOO	3.7 million	8.0%	EUR 38,800	EUR 27.0bn	179	8	(- / Baa1 / -)
LCFB	4.8 million	-	-	EUR 12.5bn	189	40	(- / A3 / -)
DGBE	0.1 million	7.0%*	EUR 32,848	EUR 1.2bn	68	0	(- / - / -)
FRBRTC	-	-	-	EUR 0.4bn	43	0	(- / - / -)
Belgium	11.8 million	6.1%	EUR 52,310	EUR 533.9bn	129	2	(A+u / A1 / AA-u)

* value as at Q4/2025
Source: Bloomberg, STATBEL, Eurostat, European Commission, NORD/LB Floor Research (Rating: Fitch / Moody’s / S&P)

Liability mechanism and regulatory aspects

The Belgian regions benefit from neither horizontal financial equalisation nor an explicit guarantee from the Kingdom of Belgium. Instead, 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 transfer payments. This structure is also an expression of the political tensions that exist between Flanders, Wallonia and Brussels, which are mirrored time and again in budget breakdowns and the division of powers. There is no explicit liability mechanism in place between the federal state and its constituent sub-sovereigns. Despite the fact that the rating agency Moody's has downgraded Belgium's sovereign rating from Aa3 to A1 (outlook: stable), in addition to implementing further downgrades of Belgian regions and communities, which were mainly justified on the basis of creeping debt levels, it is still considered "likely" that the federal government would step in to provide support to its sub-sovereigns in the event of liquidity or refinancing difficulties – especially in light of the aforementioned Financing Act. In terms of their classification in the relevant regulatory frameworks, bonds issued by the Belgian regions benefit from excellent treatment: in the context of the CRR/Basel III, for example, a risk weight of 0% applies. 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 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(4) CRR, whereby EUR-denominated exposures to 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.

Conclusion

The Belgian RGLA analysed in this publication extend the traditional SSA portfolio with additional term and spread dimensions. This is also reflected in an increased market volume: in 2026, the volume of bonds outstanding in this issuer universe rose to EUR 99.0bn, compared to EUR 87.5bn in the previous year. In particular, the FLEMSH and WALLOO programmes are increasingly gaining ground in the market, although it should be noted that the Belgian sub-sovereign sector 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 budget management. The spotlight is therefore increasingly falling on regional issuers with solid credit quality. For ESG-oriented investors, the Belgian sub-sovereign segment has emerged as an alternative to German Laender bonds that certainly deserves to be taken seriously. 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. Politically, Belgium continues to be marked by tensions, as in particular the possible collapse of the central government due to disagreement over the 2027 budget remains a central risk factor. Nonetheless, despite their complex governance structures, the Belgian regions remain reliable and transparent issuers, which continue to offer a solid risk-return profile to investors.

Appendix
Publication overview

Covered Bonds:

- **Issuer Guide – Covered Bonds 2026**
- **Risk weights and LCR levels of covered bonds** (updated annually)
- **Transparency requirements §28 PfandBG Q2/2026** (quarterly update)
- **Transparency requirements §28 PfandBG Q2/2026 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 2026**
- **Beyond Bundeslaender: Canadian Provinces**
- **Beyond Bundeslaender: Greater Paris (IDF/VDP)**
- **Beyond Bundeslaender: Spanish regions**
- **Issuer Guide – European Supranationals 2026**
- **Issuer Guide – Non-European Supranationals (MDBs) 2026**
- **Issuer Guide – German Agencies 2026**
- **Issuer Guide – French Agencies 2026**
- **Issuer Guide – Nordic Agencies 2026**
- **Issuer Guide – Dutch Agencies 2026**
- **Issuer Guide – Austrian Agencies 2025**

Fixed Income Specials:

- **ESG-Update 2026**
- **ECB preview: No weather for hiking**

NORD/LB:
Floor Research

NORD/LB:
Covered Bond Research

NORD/LB:
SSA/Public Issuers Research

Bloomberg:
SSA Specials: DS NDB <GO>

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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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