



Kingdom of Belgium | Belgian Debt Agency USD 1.5bn 1.625% new long 2-year benchmark due 15 January 2020

POST MORTEM – 28th September 2017

The Kingdom of Belgium, rated Aa3/AAu/AA- by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency, a syndicated US Dollar benchmark transaction. The new USD 1.5 billion long 2-year due 15 January 2020 pays a semi-annual coupon of 1.625% and was priced at a spread of 4bps through the mid-swap reference rate implying a reoffer yield of 1.723% and a spread of 24.8bp over the 2-year US Treasury reference. Joint bookrunners were Barclays, Citi, HSBC and Scotiabank.

Background

- The Treasury expects its 2017 gross borrowing requirements to amount to EUR 38.98bn to cover redemptions and the projected deficit. It is anticipated that EUR 35bn of financing needs will be financed by issuing OLOs and EUR 4bn via EMTN and Schuldscheine issuance.
- The Treasury uses their EMTN programme notably to issue in foreign currency and has been regular in the USD market since 2012, issuing one benchmark every year. Following last year's USD 3bn 3-year which was the largest ever USD benchmark from Belgium, this year's USD 1.5bn long 2-year provides another reference point for investors at the short end of the curve.
- With the recent widening of the Euro-dollar basis and a positive market backdrop in the USD market (including strong demand for Eurozone sovereigns in USD), the Treasury took advantage of this favourable window of issuance.
- This transaction met both the objective of investors' diversification (the majority of the bonds were placed with Asian investors) and cost effectiveness vs. the OLO curve.

Execution highlights

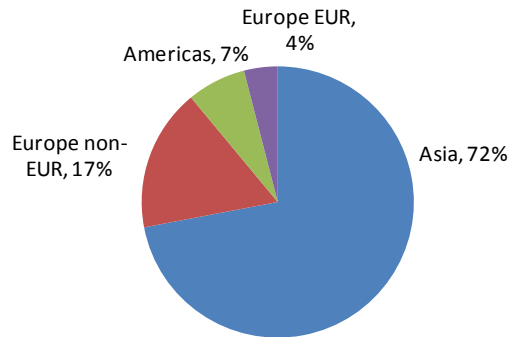
- The mandate for a new long 2-year Belgium Dollar RegS/144A benchmark was announced to the market at 4:15pm CET on Wednesday 27th September. Initial price thoughts of mid-swaps - 4bps area were released simultaneously. The deal was announced as a USD 1 billion transaction.
- The orderbook was opened officially the following morning at 9:15am CET with spread guidance unchanged at mid-swaps - 4bps area, with strong indications of interest from American and Asian accounts overnight, which totaled more than USD 1 billion.
- With continued momentum and books growing to over USD 1.5 billion in just 2 hours (including USD 50 million of JLM interest), the final spread was fixed at mid-swaps - 4bps at 11:15am CET.
- Less than an hour later the deal was launched as a USD 1.5 billion, upsized from USD 1 billion, with books over USD 1.8 billion (including USD 75 million of JLM interest) which were announced to go subject at 12:30pm CET.
- The transaction priced at 2pm CET at mid-swaps-4bps, implying a reoffer yield of 1.723%, a spread of 24.8bps over the 2y Treasury, and a coupon rate of 1.625%.

Summary of distribution

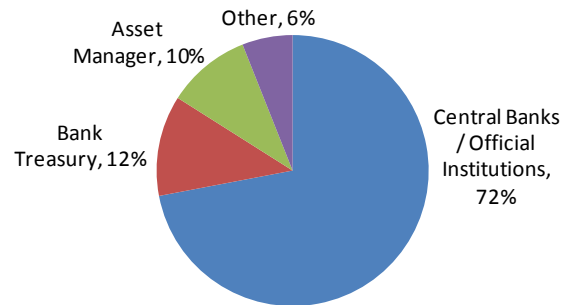
- The final orderbook exceeded USD 1.8 billion with more than 30 investors participating in the transaction.
- The transaction benefitted from strong support from Asian investors, representing 72% of the final allocation followed by Europe non Euro (17%) and Americas (7%).
- By investor type, Central Banks and Official Institutions were the most dominant investor base (72%), followed by Bank Treasuries (12%), and Asset Managers (10%).



Distribution by region



Distribution by type



Summary of terms and conditions

Issuer	The Kingdom of Belgium
Ticker	BELG < Corp>
Format	RegS/144A
Ratings	Aa3/AA/AA- (Moody's/S&P/Fitch – all stable)
Size	USD 1.5bn
Settlement	05-Oct-2017 (T+5)
Maturity	15-Jan-2020
Coupon	1.625% Fixed, S/A, 30/360
Reoffer	99.783 / 1.723% SA
Spread	MS -4bp, CT2+24.8bp (CT2 @ 99-25¾, HR 114%)
Denoms	US\$200k + US\$2k
Listing/Law	Luxembourg / Belgian
Docs	Issuer's EMTN Programme
ISIN	BE6298582816 (RegS) / BE6298583822 (144A)
Settlement	Euroclear, Clearstream, NBB, no DTC
Bookrunners	BARCLAYS / CITI (B&D) / HSBC / SCOTIABANK