Kingdom of Belgium | Belgian Debt Agency
EUR 3bn 0.2% new 7-year due 22 October 2023 (OLO79)
EUR 3bn 2.15% new 50-year due 22 June 2066 (OLO80)

TRANSACTION SUMMARY – 28th APRIL 2016

The Kingdom of Belgium, rated Aa3/AA/AA by Moody's, S&P and Fitch (stable/stable/neg), launched today, via the Belgian Debt Agency, a dual-tranche OLO syndicated benchmark transaction, comprising new 7-year and 50-year lines. These represented Belgium's inaugural 50-year benchmark, and first 7-year benchmark since 2012, both of which met with a tremendous response from investors.

The new EUR 3 billion OLO79 due 22 October 2023 pays an annual coupon of 0.20% and was priced at a spread of - 13bps versus the interpolated mid-swap reference rate implying a reoffer yield of 0.216%.

The new EUR 3 billion OLO80 due 22 June 2066 pays an annual coupon of 2.15% and was priced at a spread of + 17bps over the mid-yield of the FRTR 1.75% 2066, implying a reoffer yield of 2.1854%.

Joint bookrunners for both tranches were Barclays, Crédit Agricole CIB, J.P.Morgan, Morgan Stanley, Natixis and SG CIB. All remaining primary dealers in the Belgian government securities were invited into the syndicate as co-leads for the 7-year tranche.

Background

- The Belgian Debt Agency expects its 2016 gross borrowing requirements to amount to EUR 38.86 billion to cover redemptions and the projected deficit, of which it is anticipated that EUR 33.5 billion will be financed by issuing OLOs.
- The dual-tranche issuance priced today is the third syndication for 2016 and follows the OLO77 (10y, EUR 5bn) and OLO78 (30y, EUR 3.5bn) benchmarks issued in January and March respectively.
- This dual-tranche transaction, with an aggregate amount of EUR 6 billion, represents the largest syndication ever by Belgium, reflecting the strength and depth of demand for OLOs from a broad swathe of investors.
- The choice of the maturities and dual-tranche strategy reflected the Belgium Debt Agency's longstanding policy to proactively and dynamically respond to investor feedback and market conditions. The 7-year tranche allowed Belgium to refresh a part of the curve which has not seen a new line for some time, providing a fresh, liquid, on-the-run benchmark reference that investors had been asking for in sub-10 year space. Meanwhile, the 50-year tranche allowed Belgium to satisfy the hunt for duration from investors pushing further out the curve to achieve their yield targets. It also continued the Belgium Debt Agency's prudent and well-considered strategy of responsibly extending the duration of its debt, to mitigate interest cost and refinancing volatility.

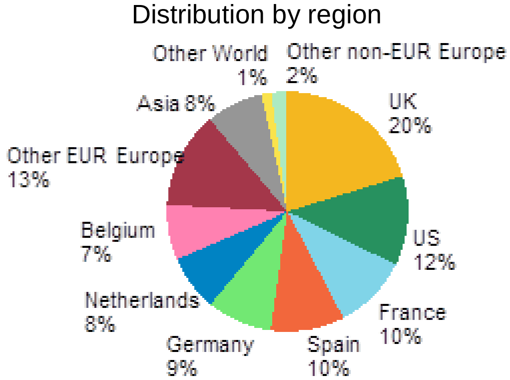
Execution highlights

- The mandate was announced at 3:00pm CET on Wednesday 27th April. Although no Initial Pricing Thoughts had been communicated to the market following the announcement, the response from investors was positive for both tranches, with indications of interest shown before close of business.
- IPTs were released on Thursday 28th April at 9:15am CET at MS – 11bps area on the 7-year and Mid FRTR 1.75% 2066 + "high teens" on the 50-year. The response was tremendous. In just over an hour, Indications of Interest ("IoI"s) were above EUR 4 billion for the 7yr (including EUR 1.8 billion of Joint Lead Manager ("JLM") interest) and IoIs were above EUR 3.5 billion for the 50-year (including EUR 1.1 billion of JLM interest), which allowed the guidance on the 50-year to be revised to Mid FRTR 1.75% 2066 +18bps area for formal book open.
- The transaction continued to progress exceptionally well once books were open, leading to further revisions of guidance, and ultimately the spreads being set at MS – 13bps on the 7-year and Mid FRTR 1.75% 2066 +17bps on the 50-year.
- By the time the orderbook closed at 1:00pm CET, orders were over EUR 6.3 billion for the 7-year (including EUR 1.8 billion of JLM orders) and above EUR 8.0 billion for the 50-year (including EUR 1.4 billion of JLM interest). The quality of the orderbook enabled the Belgian Debt Agency to set the new issue size at EUR 3 billion on each tranche, EUR 6 billion in total, with more than 100 investors in the 7-year and nearly 200 investors in the 50-year.
- The new October 2023 OLO priced at MS - 13bps implying a reoffer yield for investors of 0.216% and a coupon rate of 0.2%. This represents a minimal new issue concession of 3bps over the interpolated OLO curve. The new June 2066 OLO priced at Mid FRTR 1.75% 2066 +17bps implying a reoffer yield for investors of 2.1854% and a coupon rate of 2.15%. This represents a new issue concession of 10bps over the interpolated spread OLO-OAT curve.
- With these two new OLO lines, Belgium is bringing liquid references in benchmark maturities that instantly refresh the curve, and neatly complement the 10-year and 30-year OLOs from earlier in the year – all of which will be available for taps via auction throughout in the future.

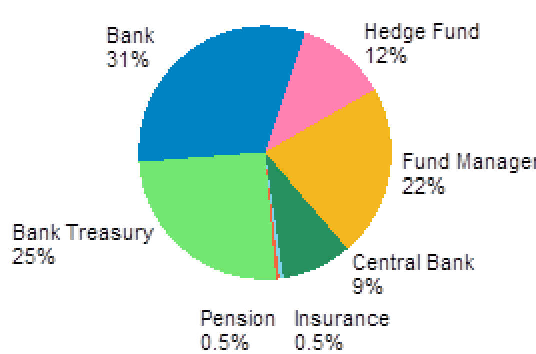
Summary of distribution on 7-year

- The geographical distribution shows a good balance between the largest European jurisdictions (UK 20%, Spain 10% and France 10%), and the USA (12%) and Asia (8%).
- By investor type, the issue attracted substantial participation – over 100 accounts - with the majority of the transaction being placed with strong real money accounts, namely Fund Managers (22%), Bank Treasuries (25%), and Insurance Companies, Pension Funds and Central Banks (10%). Hedge Funds (12%) and Banks (31%) completed the picture.

Distribution by region



Distribution by type

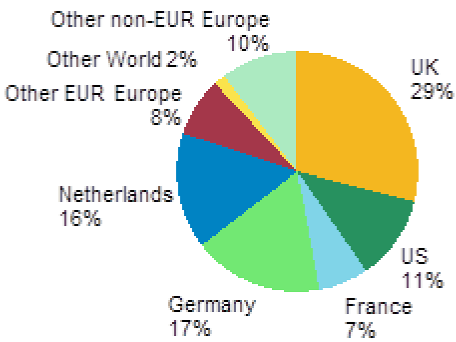


BARCLAYS CRÉDIT AGRICOLE J.P.Morgan Morgan Stanley NATIXIS SOCIETE GENERALE Corporate & Investment Banking

Summary of distribution on 50-year

- The geographical distribution was dominated by Europe, led by the UK (29%), Germany (17%), the Netherlands (16%) and France (7%), as well as a notable showing from the US (11%).
- By investor type, the issue attracted substantial participation, nearly 200 accounts, mainly from real money investors, which took 76% of the deal across Fund Managers (37%), Bank Treasuries (12%), Insurance Companies (12%), Pension Funds (10%) and Central Banks (5%). Hedge Funds (17%) and Banks (7%) took the remainder.

Distribution by region



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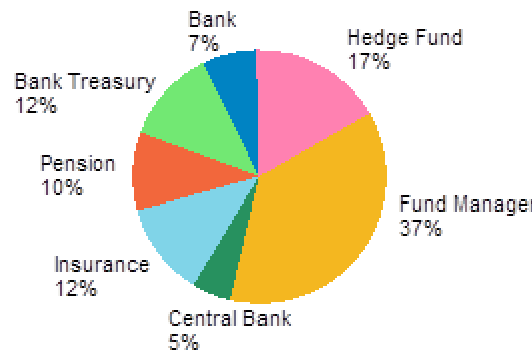

Summary of terms and conditions

Issuer:	The Kingdom of Belgium	
Issuer Ratings:	Aa3 (Moody's) stable/ AA (S&P) stable/ AA (Fitch) neg	
Joint Bookrunners:	Barclays, Crédit Agricole CIB, J.P.Morgan, Morgan Stanley, Natixis and SG CIB	
Amount:	Euro 3 billion	Euro 3 billion
Pricing Date:	28 April 2016	
Settlement Date:	6 May 2016	
Maturity Date:	22 October 2023	22 June 2066
Coupon:	0.200% Annual	2.15% Annual
Day Count Fraction:	Actual/Actual (ICMA)	
Benchmark:	Mid Swap	Mid FRTR1.75% 2066
Reoffer Spread vs. Benchmark:	-13 bps	+17 bps
Reoffer Yield:	0.216%	2.1854%
Reoffer Price:	99.882%	98.931%
ISIN Number:	BE0000339482	BE0000340498