Kingdom of Belgium | Belgian Debt Agency
EUR 5bn 1.70% new 30-year OLO88 due June 2050

POST MORTEM – 29th January 2019

The Kingdom of Belgium, rated Aa3/AA/AA- (stable/stable/stable) by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency, its second syndicated OLO benchmark of 2019.
The new EUR 5 billion OLO88 due June 2050 pays an annual coupon of 1.70% and was priced at a spread of 44 bps over the interpolated mid-swap reference rate implying a reoffer yield of 1.746%.
Joint Lead Managers were Barclays, Credit Agricole CIB, J.P. Morgan, NatWest Markets and Societe Generale CIB.

Background

- The Belgian Debt Agency expects its 2019 gross borrowing requirements to amount to EUR 30.11 billion, less than the EUR 33.59 billion for 2018.
- Similarly to last year, two new fixed-rate OLO benchmarks were expected in 2019. The transaction priced today is the second syndicated OLO benchmark for 2019 and follows a new EUR 6 billion 10-year OLO launched in January. The amount raised via OLOs in 2019 year-to-date totals EUR 11billion, or 36.5% of the 2019 gross borrowing requirements.
- This transaction enables the Belgian Debt Agency to: maintain the high average maturity of its debt portfolio (9.59 years as of November 2018), offer an additional liquid reference point at the long-end of the OLO curve and decrease further the average funding cost of the debt portfolio (2.31% as of November 2018).
- From a strategic point of view, being the first Eurozone Sovereign to venture in the 20-year+ compartment in 2019, the Belgian Debt Agency exploited the "first mover advantage" and benefitted from the pent up demand from the investor community in this part of the curve. The new line maturing in June 2050 fills out a gap in the curve between the old on-the-run 30yr OLO 1.60% Jun-47 (which it replaces) and the on-the-run 40yr OLO 2.25% Jun-57.

Execution highlights

- The mandate for this new 30-year benchmark was announced on Monday 28th January at 14:00 CET with the objective to execute the transaction on Tuesday 29th January. Immediate response to the mandate was very encouraging with positive reverse enquiries and limited impact on outstanding OLO bonds post announcement.
- In a conducive environment, Initial Pricing Thoughts ("IPTs") were released at 09:23 CET on Tuesday 29th January at mid-swaps +46 bps area.
- As the transaction received significant indications of interest both overnight and after the IPTs release, in excess of 18bn (including 2.25bn from JLMs), books were officially opened at 10.35 CET with Price Guidance defined as mid-swaps +45 bps area. With orders gathered in excess of 22 billion (incl. 2.3bn from JLMs) by 11:57 CET, decision was taken to set the spread at mid-swaps +44bps. The orderbook continued to grow steadily and closed at 12:30 CET.
- More than 308 investors took part to the transaction with a total amount requested in excess of 27 billion at the final spread. It was made of high quality real money investors enabling to launch a 5 billion benchmark at 12:44 CET, i.e. the largest long end benchmark from the Kingdom of Belgium since 2004.

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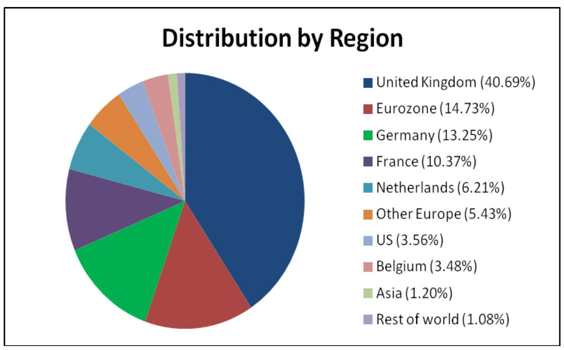
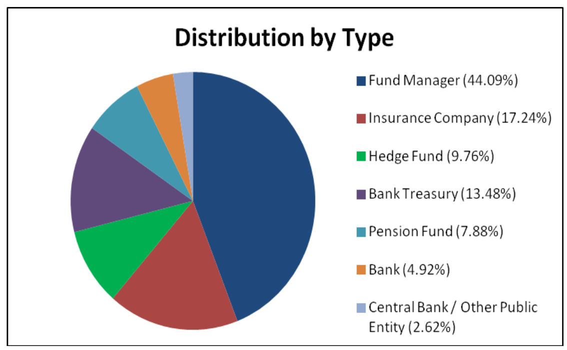
- Allocations were released to the market at 15:38 CET and the transaction priced at 16:30 CET at mid-swaps +44 bps implying a reoffer yield for investors of 1.746% and a coupon rate of 1.70%.
- At the time of pricing, fair value was calculated at 41 bps over mid-swaps based on the interpolation of the OLO 1.60% Jun-47 and the OLO 2.25% Jun-57. The pricing at mid-swaps +44 bps represents a new issue concession of 3 bps, which is a remarkable result for a EUR 5 billion transaction on the 30-year segment just shortly after the European Central Bank has stopped its Public Sector Purchase Programme.
- The low levels at which the Belgian Debt Agency has been able to raise these funds – lowest coupon for a nominal OLO in the 20-year+ segment since March 2016 – re-affirms the breadth and quality of Belgium's investor franchise and gives a strong message to the market as the result achieved is another clear vote of confidence for the country going forward.

Summary of distribution

- Investors from 37 countries participated in the transaction and the geographical distribution shows a balance between the largest European jurisdictions with Eurozone countries allocation around 48%.
- In terms of investor type, Real Money accounts were strongly represented in the transaction. Fund Managers were dominant at 44.09%, with Insurance Companies being in second place at 17.24%. Hedge Funds and Bank Trading desk were jointly allocated less than 14.7% of the total amount.





Summary of terms and conditions

Issuer	Kingdom of Belgium
Ratings	Aa3/AA/AA- (Moody's/S&P/Fitch - stable/stable/stable)
Pricing date	29th January 2019
Settlement date	5th February 2019 (T+5)
Maturity date	22nd June 2050
Size	EUR 5,000,000,000
Coupon	1.70% Annual ACT/ACT(ICMA) with short first coupon on 22nd June 2019
Re-offer spread	MS +44 bps (DBR 1.25% 8/48 +94.4bps)
Re-offer price	98.899%
Re-offer yield	1.746%
Listing / Law	Brussels / Belgian law
ISIN	BE0000348574
Joint Lead Managers	Barclays, CACIB, JPM, NatWest Markets, SG CIB