Kingdom of Belgium | Belgian Debt Agency
EUR 5bn 0.400% new 20-year OLO 90 due 22 June 2040

DEAL SUMMARY – 18th February 2020

The Kingdom of Belgium, rated Aa3/AA/AA- (all stable) by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency ("BDA"), the second OLO syndicated benchmark transaction in 2020. The new EUR 5 billion OLO90 due 22 June 2040 pays an annual coupon of 0.400% and was priced at a spread of mid-swaps +11bps implying a reoffer yield of 0.430%. Joint bookrunners were Citi, J.P. Morgan, Natixis, Nomura and Société Générale. All remaining primary dealers in the Belgian government securities were invited into the syndicate as co-leads.

Background

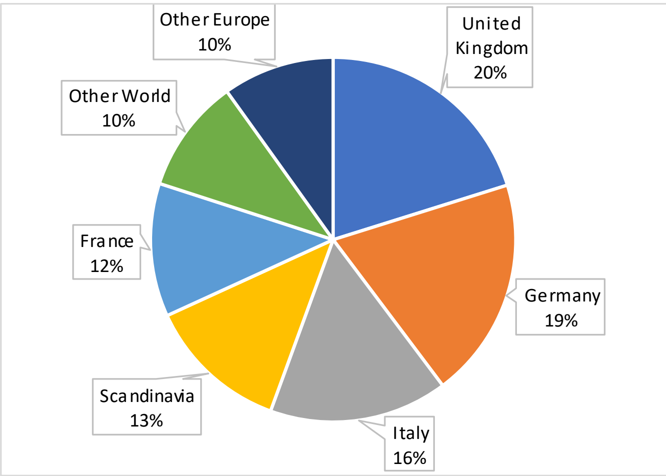
- The Belgian Debt Agency expects its 2020 gross borrowing requirements to amount to EUR 31.46 billion, less than the EUR 35.67 billion for 2019.
- This is the second syndicated transaction priced by the Kingdom of Belgium this year, following the EUR 6 billion 10-year OLO priced in January.
- In December 2019 the Belgian Debt Agency communicated the intention to issue a 10-year benchmark and a new long-term benchmark in the 15-20 years maturity range as part of the 2020 funding plan.

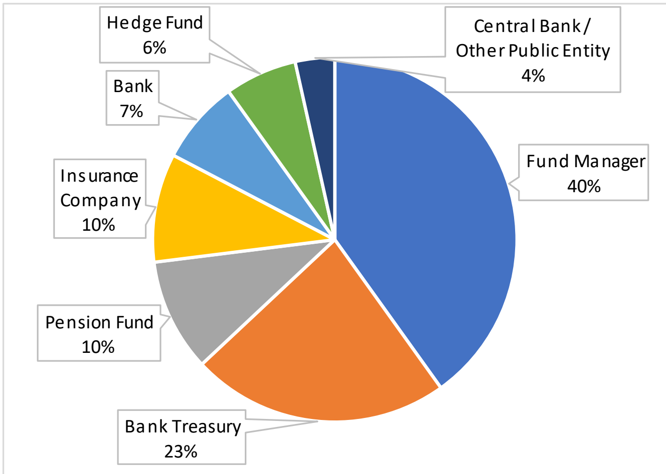
Execution highlights

- The mandate for the new 20-year benchmark was announced at 3pm CET on Monday 17th February with the objective to execute the transaction on Tuesday 18th February.
- With significant Indications of Interest following the announcement, price guidance was released at 9am CET on Tuesday 18th February at mid-swaps+12bps area. The investor response was strong with the orderbook in excess of EUR 21 billion (including EUR 1.5 billion of JLM interest) within the first two hours of bookbuilding.
- As the surrounding bonds to the new OLO Jun-2040 have high coupons and commensurately high cash prices, the market used multiple valuation methodologies to estimate fair value. The BDA opted to provide the maximum degree of clarity to the market by communicating the least number of pricing iterations. The final pricing was set at mid-swaps+11bps at 10.45 CET.
- The orderbook closed at 12:00pm CET with total orders in excess of EUR 27 billion (including EUR of 1.65 billion of JLM interest) from over 200 investors. The quality of the orderbook encouraged the Belgium Debt Agency to set the new issue size at EUR 5 billion.
- At the time of pricing, fair value was calculated at mid-swaps +8 bps based on an interpolation of the OLO 1.450% Jun-37 and the OLO 1.600% Jun-47. The final pricing at mid-swaps +11 bps represents a limited new issue concession of 3 bps to that fair value.
- The new June 2040 OLO priced at 3:34pm CET at mid-swaps +11bps giving a reoffer yield for investors of 0.430%, a coupon rate of 0.400% and an issue price of 99.418%. This represents a spread of 52.8bps over DBR 4.750% Jul-2040.

Summary of distribution

- The geographical distribution highlights the strong support for this transaction from European accounts (90%) and the notable investor interest from the UK (20%), Germany (19%) and Italy (16%).
- By investor type, Fund Managers took the lion's share of the transaction and were allocated 40% of the deal size. Bank Treasuries followed with 23%, Insurances and Pension Funds with 20%, Other Banks with 7%, Hedge Funds with 6% and Central Banks and Public Institutions with 4%.





Summary of terms and conditions

Issuer:	Kingdom of Belgium
Ratings:	Aa3/AA/AA- (Moody's/S&P/Fitch - stable/stable/stable)
Format:	Belgium Government Bond (in dematerialised book entry form) Reg S Cat 1, 144A Eligible, CAC
Size:	EUR 5bn
Maturity:	22-Jun-2040
Settlement:	25-Feb-2020 (T+5)
Coupon:	0.400% Annual ACT/ACT, short first on 22-Jun-2020
Final Spread:	MS+11bps
Reoffer	Price 99.418% / Yield 0.430% / 52.8 over DBR 4.750% Jul-2040 (spot 199.8%)
Listing/ Law:	Brussels, Belgian Law
Denominations:	EUR 0.01/ EUR 0.01
Target Market:	Retail / Professional / Eligible Counterparties (all distribution channels)
ISIN:	BE0000350596
Bookrunners:	Citi, J.P. Morgan (B&D, DM), Natixis, Nomura, Société Générale