Kingdom of Belgium | Belgian Debt Agency
EUR 8bn 0.00% new 7-year OLO91 due October 2027

DEAL SUMMARY – 31st March 2020

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 third syndicated OLO benchmark of 2020.
The new EUR 8 billion OLO91 due October 2027 pays an annual coupon of 0.00% and was priced at a spread of 11 bps over the interpolated mid-swap reference rate implying a reoffer yield of -0.013%.
Joint Lead Managers were Barclays, BNP Paribas Fortis, Credit Agricole CIB, HSBC and Morgan Stanley.

Background

- Like many government debt management offices globally, the Belgian Debt Agency has announced a revision to its expected gross borrowing requirements, adding to the previous forecast for EUR 30 billion in 2020. This is to cater for the economic impact of the covid-19 virus on the country. Whilst the original plan had included two new fixed-rate OLO benchmarks, the BDA chose to add a third new line here in the form of a 7-year OLO. This third syndication will be supported by an expansion of the bills market and also additional auction events in order to spread expected new supply across the curve. Having extended the average life of the Belgian debt significantly over recent years, the BDA was able to revisit a traditional investor base with a new 7-year bond, to benefit from the broad demand evident in this part of the curve across a range of investor types.
- The 7-year transaction priced today follows the new EUR 6 billion 10-year OLO89 in January and a EUR 5 billion 20-year OLO90 in February. With an orderbook in excess of 55bn, the OLO91 transaction marks the record for the largest single tranche EUR sovereign orderbook ever as well as the biggest OLO orderbook ever raised by the Kingdom of Belgium. Due to high quality investor participation, the issuer was able to print an 8bn size, its largest ever OLO syndication.
- This transaction enabled the Belgian Debt Agency to further reduce the implicit yield of its debt portfolio (2.00% as of November 2019), while offering an additional liquid reference point in the intermediate sector of the OLO curve.

Execution highlights

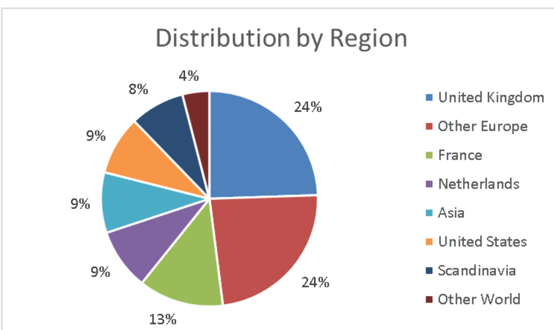
- The mandate for the new 7-year benchmark was announced on Monday 30th March at 13:52 CET with the objective to execute the transaction on Tuesday 31st March. Immediate response to the mandate was very encouraging with positive reverse enquiries from investors and limited impact on outstanding OLO bond spreads post announcement.
- To avoid unnecessary exposure to market volatility and give investors greater certainty, the issuer opted to move straight into the live price guidance stage, missing the IPT process, to release guidance spread at 09:13 CET on Tuesday 31st March at mid-swaps +15 bps area. At the same time books were officially opened.
- With a very healthy amount of orders in excess of 35.5bn (including 5.05bn from JLMs) gathered by 10:31 CET, a first update was released with price guidance revised at mid-swaps +13bps area. The orderbook continued to grow steadily and by 11.31 CET reached 48bn (including 6.05bn from JLMs), where the spread was set at mid-swaps +11bps. Books then closed at 12:00 CET.
- More than 320 investors took part to the transaction with a total amount requested in excess of 55bn (incl €8.05bn JLM interest) at the final spread. The book consisted of a strong degree of high quality real money

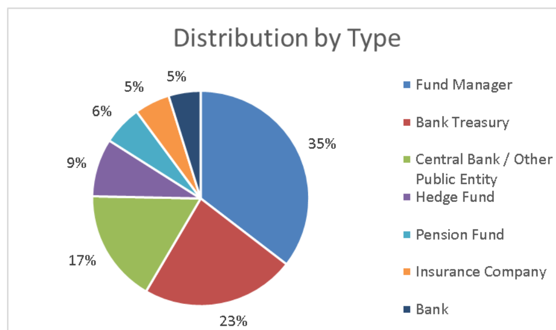
investors, enabling the BDA to launch a 8 billion benchmark at 12:02 CET, i.e. the largest OLO benchmark from the Kingdom of Belgium ever.

- Allocations were released to the market at 16:04 CET and the transaction priced at 17.14 CET at mid-swaps +11 bps implying a reoffer yield for investors of -0.013% and a coupon rate of 0.00%.
- At the time of pricing, fair value was calculated at 3 bps over mid-swaps based on the interpolation of the OLO 0.80% Jun-27 and the OLO 0.80% Jun-28. The pricing at mid-swaps +11 bps represents a new issue concession of 8 bps.
- The success of this transaction re-affirms the breadth and quality of Belgium's investor franchise and gives a strong message to the market regarding the Kingdom of Belgium's strength and depth of market access.

Summary of distribution

- Investors from 31 countries participated in the transaction. The geographical distribution shows a balance between the largest European jurisdictions, accounting for 78% of allocation in total. Moreover, with a 22% participation from non-European buyers, this illustrates the popularity of Belgian government bonds globally.
- In terms of investor type, Real Money accounts were strongly represented in the transaction - Fund Managers were dominant at 35%, with Bank Treasuries in second and Central Banks / Public Entities in third place at 23% and 17% respectively. Hedge Funds and Bank Trading desks were jointly allocated less than 14% 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	31st March 2020
Settlement date	7th April 2020 (T+5)
Maturity date	22nd October 2027
Size	EUR 8,000,000,000
Coupon	0.00% Annual ACT/ACT(ICMA) with short first coupon on 22nd October 2020
Re-offer spread	MS +11 bps (DBR 0.50% 8/27 +58.8bps)
Re-offer price	100.098%
Re-offer yield	-0.013%
Listing / Law	Brussels / Belgian law
ISIN	BE0000351602
Joint Lead Managers	Barclays, BNP Paribas Fortis, CACIB, HSBC, Morgan Stanley

BARCLAYS BNP PARIBAS CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK HSBC Morgan Stanley