



Kingdom of Belgium | Belgian Debt Agency

USD 1.5bn 1.000% new 10-year benchmark due 28 May 2030

Deal Summary – 19th May 2020

The Kingdom of Belgium, rated Aa3/AA/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 10-year due 28 May 2030 pays a semi-annual coupon of 1.000% and was priced at a spread of 36bps over the mid-swap reference rate implying a reoffer yield of 1.052% and a spread of 33.85bps over the 10-year US Treasury reference. Joint bookrunners were Citi, Morgan Stanley, Nomura and Societe Generale.

Background

- After updating the financing requirements and funding plan on the 17th of April 2020 in response to the COVID-19 pandemic, the Treasury expects its gross borrowing requirements to amount to EUR 51.87 billion to cover the current redemptions and projected deficit. EUR 42.85 billion are anticipated to be financed by issuing OLOs and EUR 2 billion via EMTN and Schuldschein issuance.
- The transaction marks the return of the Kingdom of Belgium to USD market with its first new line since 2017 with an extremely successful and significantly oversubscribed 10-year bond. This latest outing will provide to investors an additional reference point on the Belgium USD curve.
- The Treasury had been out of the USD public markets since 2017 given the combination of unfavourable cross currency swaps conditions and highly supportive domestic funding environment eradicating any potential cost saving benefit. However, having monitored the market extremely closely for a number of weeks, a window was found to generate cost saving versus the OLO curve whilst providing the USD investor base with attractive terms to ensure successful placement.
- With the recent widening of the Euro-dollar basis and a positive market backdrop in the USD market (including strong demand from Central Bank investors in longer dated USD bonds), the Treasury took the decision to launch a new 10-year line.
- 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 10-year Belgium Dollar RegS/144A benchmark was announced to the market at 4:25pm CET on Monday 18th May 2020 with Initial Price Thoughts ("IPTs") of mid-swaps +37bps area released simultaneously. The deal was announced as a USD 1 billion transaction.
- The orderbook was officially opened the following morning at 9:20am CET with spread guidance unchanged at mid-swaps +37bps area and strong indications of interest from accounts overnight in excess of \$950 million.
- Momentum in the books accelerated further into the European morning and late Asian session and books grew to over USD 1.4 billion by 10:45am CET, allowing the Kingdom of Belgium to review and set the spread tighter at mid-swaps +36bps area. Investor interest continued to grow once the spread was set with demand standing above USD 2.1 billion by 12:00pm CET. Given both the size and the high quality of the orders, the decision was taken to fix the final issue size at USD 1.5 billion and announce books to go subject at 11.30am LDN and 8:00am NYC.
- The transaction priced at 3.51pm CET at mid-swaps +36bps, implying a reoffer yield of 1.052%, a spread of 33.85bps over the 10 year Treasury, and a coupon rate of 1.000%.



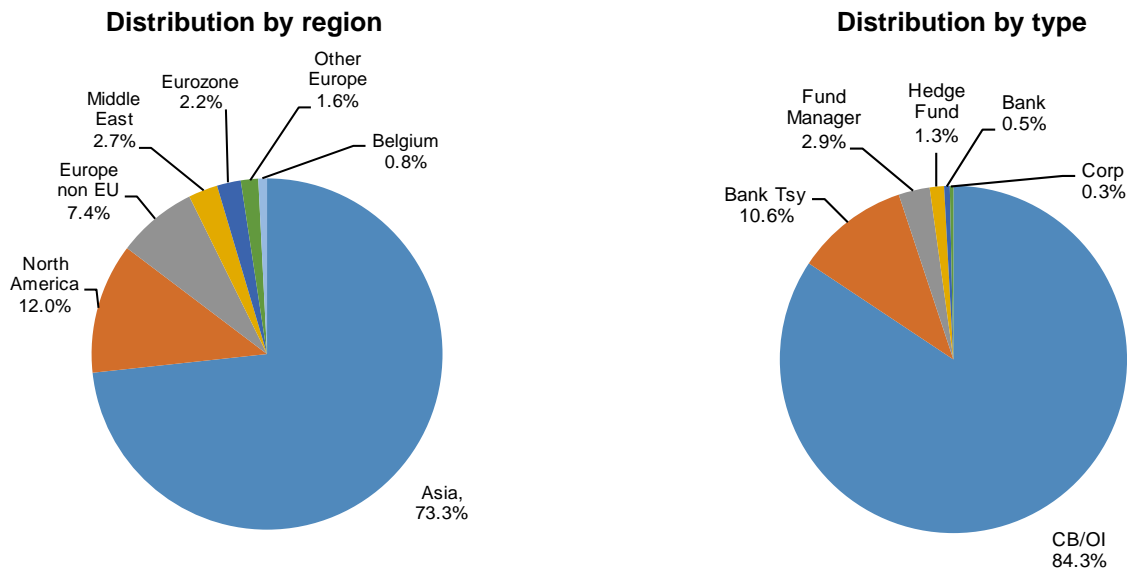
Morgan Stanley

NOMURA



Summary of distribution

- The final orderbook exceeded USD 2.1 billion with more than 45 investors participating in the transaction.
- The transaction benefitted from very strong support from Asian investors, representing 73.3% of the final allocation followed by North America (12.0%) and Europe non-EU (7.4%).
- By investor type, the orderbook was of the highest quality, underscored by the high level of Central Bank and Official Institutions participation (84.3%), followed by Bank Treasuries (10.6%), and Asset Managers (2.9%).
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Summary of terms and conditions

Issuer	The Kingdom of Belgium
Ticker	BELG < Corp>
Format	RegS/144A
Ratings	Aa3 by Moody's (stable) / AA by S&P (stable) / AA- by Fitch (negative)
Size	USD 1.5bn
Settlement	28 May 2020 (T+6)
Maturity	28 May 2030
Coupon	1.000% Fixed, S/A, 30/360
Reoffer	99.508 / 1.052% S/A
Spread	MS +36bp, CT2+33.85bp (CT2 @ 99-05)
Denoms	US\$200k + US\$2k
Listing/Law	Luxembourg / Belgian
Docs	Issuer's EMTN Programme
ISIN	BE6322164920 (RegS) / BE6322165935 (144A)
Settlement	Euroclear, Clearstream, NBB, no DTC
Bookrunners	CITI (B&D) / MORGAN STANLEY / NOMURA / SOCIETE GENERALE