



Kingdom of Belgium | Belgian Debt Agency

EUR 6bn 0% new 10-year OLO 92 due 22 October 2031

DEAL SUMMARY – 12th January 2021

The Kingdom of Belgium, rated Aa3/AA/AA- (stable/stable/negative) by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency ("BDA"), its first OLO syndicated benchmark transaction in 2021. The new EUR 6 billion OLO 92 due 22 October 2031 has an annual coupon of 0% and was priced at a spread of mid-swaps -7bps implying a reoffer yield of -0.216% and a re-offer price of 102.353%. Joint bookrunners were BNP Paribas Fortis, Citi, J.P. Morgan, Natixis and Société Générale. The other primary dealers in Belgian government securities participated into the syndicate as co-leads.

Background

- The Belgian Debt Agency expects its 2021 gross borrowing requirements to amount to EUR 43.61 billion, less than the EUR 51.46 billion for 2020. EUR 36.41 billion is expected to be raised in OLOs, down from EUR 44.50 billion in 2020.
- This is the first syndicated transaction priced by the Kingdom of Belgium this year.

Execution highlights

- The mandate for the new 10-year benchmark was announced at 12.15pm CET on Monday 11th January with the objective to execute the transaction on Tuesday 12th January.
- With significant Indications of Interest following the announcement, price guidance was released at 9am CET on Tuesday 12th January at mid-swaps -5bps area.
- The investor response was strong from the outset with the orderbook in excess of EUR 42 billion (including EUR 3.5 billion of JLM interest) within the first two hours of bookbuilding. The spread was fixed at mid-swaps -7bps at 10.30am CET.
- The orderbook closed at 11:30 am CET with total orders in excess of EUR 50 billion (including EUR 3.2 billion of JLM interest) from over 240 investors, which represents the largest orderbook for a 10-year OLO syndicated offering. The quality of the orderbook encouraged the Belgium Debt Agency to set the new issue size at EUR 6 billion.
- Fair value was seen at mid-swaps -8.5 to 8 bps based on the extrapolation and interpolation of surrounding recent OLOs. The final pricing at mid-swaps -7 bps represents a limited new issue concession of 1.5 bps to that fair value.
- The new October 2031 OLO priced at 4.16pm CET at mid-swaps -7bps giving a reoffer yield for investors of -0.216%, a coupon rate of 0% and an issue price of 102.353%. This represents a spread of 25.95bps over DBR 0% Feb-31.
- The re-offer yield of -0.216% was the lowest ever in an OLO syndication.



BNP PARIBAS



J.P.Morgan



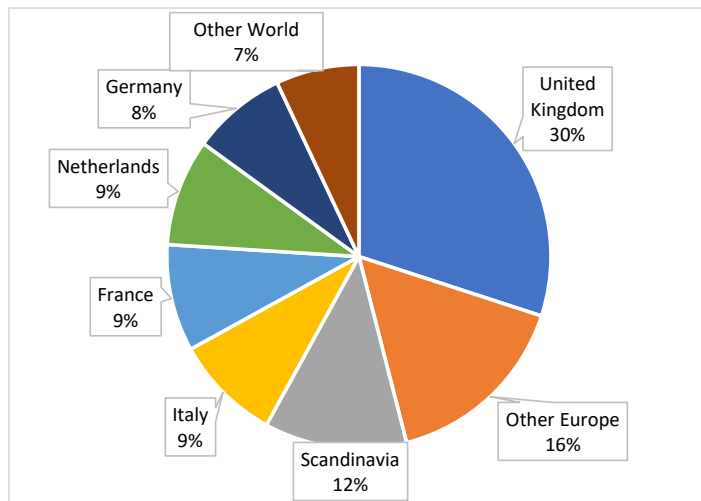
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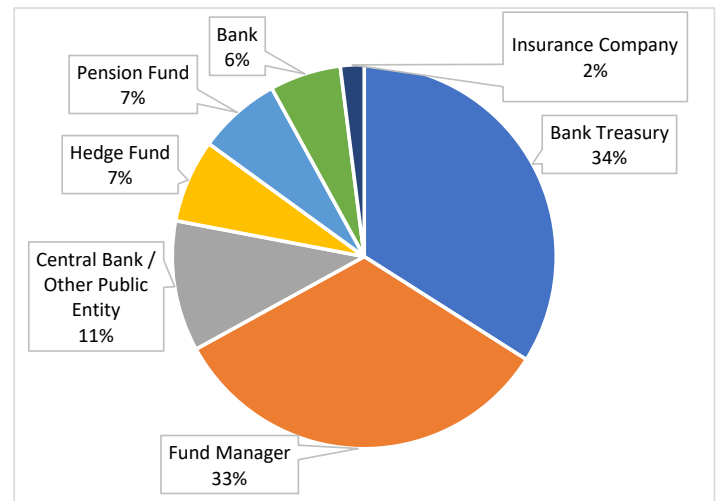
Summary of distribution

- The geographical distribution was diverse with UK accounts taking 30% of the allocation followed by Scandinavia (12%), Italy (9%), France (9%), the Netherlands (9%) and Germany (8%). Other European accounts were allocated 16% and accounts from the rest of the world were allocated 7% of the deal size.
- By investor type, Bank Treasuries and Fund Managers were allocated 34% and 33% of the deal size respectively. Central Banks and Other Public Entities followed with 11%, Hedge Funds with 7%, Pension Funds with 7%, Banks with 6% and Insurances Companies with 2%.

Distribution by region



Distribution by type



Summary of terms and conditions

Issuer:	Kingdom of Belgium
Ratings:	Aa3/AA/AA- (Moody's/S&P/Fitch - stable/stable/negative)
Format:	Belgium Government Bond (in dematerialised book entry form) Reg S Cat 1, 144A Eligible, CAC
Size:	EUR 6 billion
Maturity:	22-October-2031
Settlement:	19-Jan-2021 (T+5)
Coupon:	0% Annual ACT/ACT, short first on 22-Oct-2021
Final Spread:	MS-7bps
Reoffer	Price 102.353% / Yield -0.216% / 25.95 over DBR 0% Feb-31 (spot 104.925%)
Listing/ Law:	Brussels, Belgian Law
Denominations:	EUR 0.01/ EUR 0.01
Target Market:	Retail / Professional / Eligible Counterparties (all distribution channels)
ISIN:	BE0000352618
Bookrunners:	BNP, Citi, J.P. Morgan (B&D, DM), Natixis, Société Générale



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