



Kingdom of Belgium | Belgian Debt Agency EUR 5bn 1.40% new 30-year OLO95 due June 2053

DEAL SUMMARY – 15th February 2022

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 2022.

The new EUR 5 billion OLO95 due June 2053 pays an annual coupon of 1.40% and was priced at a spread of 12 bps over the existing OLO88 due June 2050, implying a reoffer yield of 1.424%.

Joint Lead Managers were Barclays, BNP Paribas Fortis, Deutsche Bank, Morgan Stanley and Nomura.

Background

- The Belgian Debt Agency expects its 2022 gross borrowing requirements to amount to EUR 48.28bn, of which EUR 41.2bn would be raised via OLO issuance. Three new fixed-rate OLO benchmarks are expected in 2022: the transaction priced today is the second syndicated OLO benchmark and follows a new EUR 5bn 10-year OLO launched in January.
- Today's transaction reoffer yield at 1.424% marks the record for the lowest yielding 30-year OLO syndication ever. With investors demand in excess of 36bn, the OLO95 transaction has the largest orderbook ever raised by the Kingdom of Belgium for a deal of this maturity. Due to high quality investor participation, the issuer was able to print a 5bn size, its joint largest ever 30-years OLO syndication.
- This transaction enabled the Belgian Debt Agency to further reduce the implicit yield of its debt portfolio (1.44% as of November 2021), while offering an additional liquid reference point in the long end of the OLO curve. From a strategic point of view, the Belgian Debt Agency has tapped the market again less than one month after its previous outing, to exploit an attractive execution window and lock in historically attractive funding rates. The new line maturing in June 2053 fills out a gap in the curve between the old on-the-run 30-year OLO 1.70% Jun-2050, which it replaces as the new benchmark, and the OLO 2.25% Jun-57.

Execution highlights

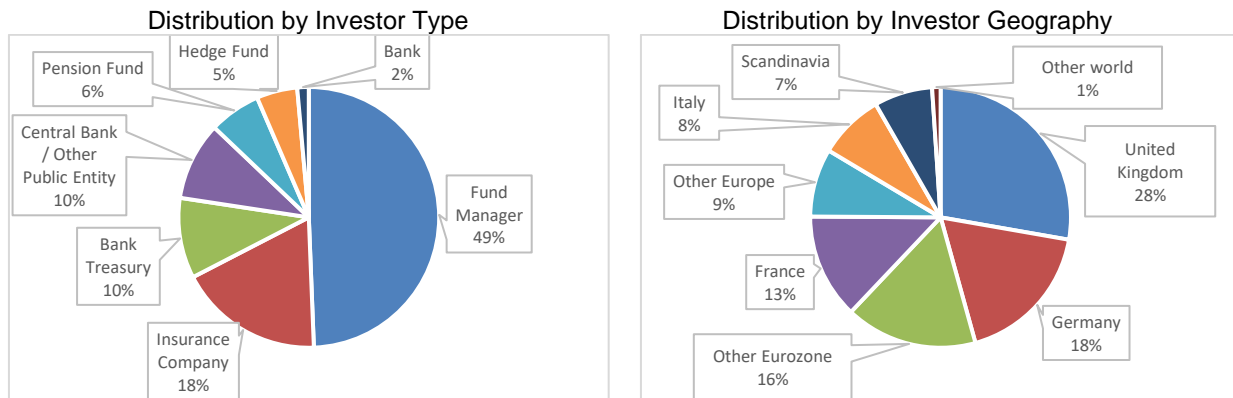
- The mandate for the new 30-year benchmark was announced on Monday 14th February at 15:00 CET with the objective to execute the transaction on Tuesday 15th February. Immediate response to the mandate was very encouraging with positive reverse enquiries from investors and limited impact on outstanding OLO spreads post announcement.
- In order to give clarity towards the market and investors, the issuer opted to move straight into the live price guidance stage; spread guidance was released at 09:11 CET on Tuesday 15th February at OLO 2050 +14 bps area. At the same time books were officially opened.
- With a very healthy amount of orders in excess of 24bn (including 3.1bn from JLMs) gathered by 10:32 CET, a first update was released with spread set at OLO 2050 +12 bps. The orderbook continued to grow steadily and closed at 11:30 CET, by that time it reached above 36bn (including 3.65bn from JLMs).
- More than 232 investors took part in the transaction and the book consisted of a strong degree of high quality real money investors, enabling the BDA to launch a 5 billion benchmark at 12:14 CET, i.e. the joint largest 30-year OLO benchmark from the Kingdom of Belgium ever.
- Allocations were released to the market at 14:40 CET and the transaction priced at 15:33 CET at OLO 2050 +12 bps implying a reoffer yield for investors of 1.424% and a coupon rate of 1.40%.
- At the time of pricing, fair value was calculated at +8 to +8.5 bps over OLO 2050, therefore the pricing at +12 bps represents a new issue concession of +3.5 to +4 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. The outcome has been remarkable especially given the volatility recently generated by both expectations of increasing rates globally and geopolitical tensions in eastern Europe.

Summary of distribution

- The geographical distribution shows that more than a quarter of the deal was bought from UK accounts, with the other largest European jurisdictions sharing balanced percentages. Europe accounts for the vast majority of the deal.
- In terms of investor type, Real Money accounts were strongly represented in the transaction; Fund Managers were dominant at 49% of allocations, with Insurers in second place at 18%. Central Banks / Public Entities and Bank Treasuries participation was also significant at 10% each. Hedge Funds and Bank Trading desks were jointly allocated less than 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	15 th February 2022
Settlement date	22 nd February 2022 (T+5)
Maturity date	22 nd June 2053
Size	EUR 5,000,000,000
Coupon	1.40% Annual ACT/ACT(ICMA) with short first coupon on 22 nd June 2022
Re-offer spread	OLO 2050 +12 bps (DBR 0.00% 8/52 +87.1 bps)
Re-offer price	99.399%
Re-offer yield	1.424%
Listing / Law	Brussels / Belgian law
ISIN	BE0000355645
Joint Lead Managers	Barclays, BNP Paribas Fortis, Deutsche Bank, Morgan Stanley, Nomura