



Kingdom of Belgium | Belgian Debt Agency

EUR 7bn 3% new 10-year benchmark due 22 June 2033

DEAL SUMMARY – 10th January 2023

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"), its first OLO syndicated benchmark transaction of the year. The new EUR 7 billion OLO 97 due 22 June 2033 pays an annual coupon of 3% and was priced at a spread of mid-swaps +10 bps giving a reoffer price of 99.799% and a re-offer yield of 3.024%. Joint bookrunners were BNP Paribas Fortis, Crédit Agricole CIB, J.P. Morgan, KBC Bank and Natixis. All remaining primary dealers in Belgian government securities were invited into the syndicate as co-leads.

Background

- The Belgian Debt Agency expects that the 2023 gross borrowing requirements of the federal government will amount to EUR 51.07 billion. This represents an increase of EUR 2.58 billion compared to the 2022 borrowing requirements. The funding plan includes an expected issuance of EUR 45 billion of OLOs, up by EUR 0.87 billion compared to last year.
- In December 2022, the Belgian Debt Agency communicated its intention to issue three new OLO fixed-rate benchmarks in 2023: a new 10-year benchmark OLO syndication and at least one benchmark in a long maturity. The maturity of a third new benchmark bond will be guided by investor demand and the yield environment.
- This transaction represents the first syndication priced by the Kingdom of Belgium in 2023. Today's transaction already raised 13.7% of the 2023 gross borrowing requirements.

Execution highlights

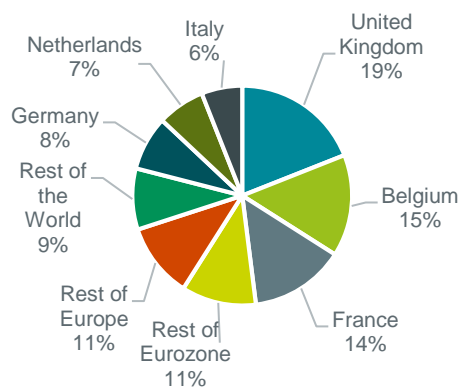
- The mandate for this new 10-year benchmark was announced on Monday 9th January at 12:45 CET with the objective to execute the transaction on Tuesday 10th January. Immediate response to the mandate was very encouraging with positive indications of interest before the announcement of any price guidance and limited impact on outstanding OLOs post announcement.
- As the transaction received significant indications of interest overnight, books officially opened on Tuesday 10th January at 9:00 CET with price guidance defined at mid-swaps +12 bps area. With orders gathered in excess of EUR 35 billion (incl. 1.5bn from JLMs) by 10:30 CET, the decision was taken to fix the spread at mid-swaps +10 bps. The orderbook continued to grow steadily and closed at 11:00 CET with total orders in excess of EUR 51 billion (incl. 1.5bn from JLMs) from over 300 investors. The quality of the orderbook, led by high quality real money investors, encouraged the Belgian Debt Agency to set the new issue size at EUR 7 billion at 12:30 CET. This transaction represents the largest 10-year OLO ever launched by the Kingdom of Belgium and a record book for a 10-year OLO syndication.
- Allocations were released to the market at 15:30 CET and the transaction was priced at 16:30 CET at 99.799% and with a coupon rate of 3%, offering investors a yield of 3.024%.
- Fair value was seen at mid-swaps +7 bps, based on the extrapolation and interpolation of surrounding recent OLOs. The final pricing at mid-swaps +10 bps represents a limited new issue concession of 3 bps to that fair value.



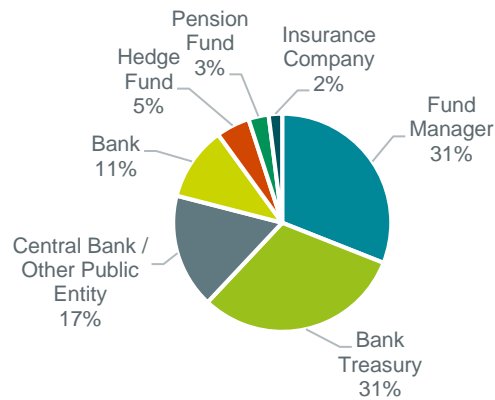
Summary of distribution

- The new issue once again demonstrated the ongoing appetite within the international investor community for Belgium's credit, with 85% of the total allocation going to customers outside of Belgium. Eurozone investors received the lion's share (61%). Within this area, domestic investors received 15%, followed by France (14%), Germany (8%), the Netherlands (7%) and Italy (6%). Outside of the Eurozone, the United Kingdom dominated with 19%, while 11% went to the rest of Europe and 9% to the rest of the World.
- In terms of investor type, Real Money accounts clearly dominated the transaction. Fund Managers and Bank Treasuries received the largest shares, both at 31%, followed by Central Banks & Other Public Entities (17%), Pension Funds (3%) and Insurance Companies (2%). Banks and Hedge Funds were allocated 11% and 5% respectively.

Distribution by Region



Distribution by Type



Summary of terms and conditions

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| Issuer | Kingdom of Belgium |
| Ratings | Aa3 (Moody's)/AA(S&P)/AA-(Fitch), outlook all stable |
| Pricing date | 10 th January 2023 |
| Settlement date | 17 th January 2023 (T+5) |
| Maturity date | 22 nd June 2033 |
| Size | EUR 7 billion |
| Coupon | 3% Annual ACT/ACT, short first to 22-Jun-2023 |
| Re-offer spread | MS +10 bps |
| Re-offer price | 99.799% |
| Re-offer yield | 3.024% |
| Listing / Law | Brussels / Belgian law |
| ISIN | BE0000357666 |
| Joint Lead Managers | BNP Paribas Fortis, Crédit Agricole CIB, J.P. Morgan, KBC Bank and Natixis |