Kingdom of Belgium | Belgian Debt Agency
EUR 5bn 3.300% new 30-year benchmark due 22 June 2054

Deal Summary – 15th February 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 second OLO syndicated benchmark transaction for the year. The new EUR 5 billion OLO 98 due 22 June 2054 pays an annual coupon of 3.300% and was priced at a spread of 8bps over the OLO 95 maturing 22 June 2053 giving a reoffer yield of 3.349% and a re-offer price of 99.070%. Joint bookrunners were BNP Paribas Fortis, Deutsche Bank, J.P. Morgan, Morgan Stanley and Nomura. All remaining primary dealers in the 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.
- The transaction represents the second syndication priced by the Kingdom of Belgium in 2023. With today's transaction, the Belgian Debt Agency has raised 24.5% of the 2023 gross borrowing requirements.

Execution highlights

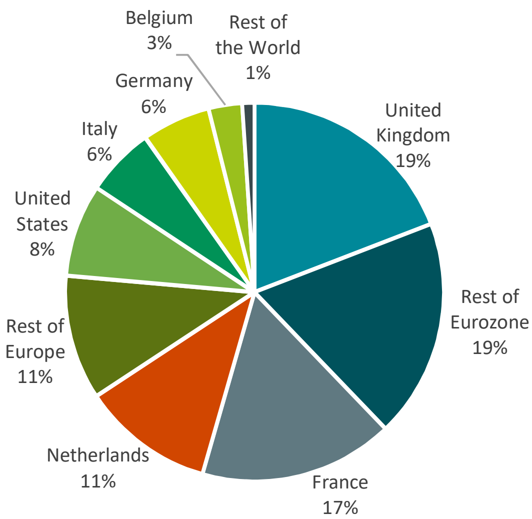
- The mandate for this new 30-year benchmark was announced at 15:00h CET on Tuesday 14th February with the intent to execute the transaction on Wednesday 15th February.
- With constructive feedback from investors overnight, books were opened at 08:52h CET on Wednesday 15th February with simultaneous release of pricing guidance of 10bps over the OLO 95 maturing 22nd June 2053.
- The transaction saw strong participation from the outset, with the orderbook growing in excess of EUR 32 billion (including EUR 2.9 billion of JLM interest) within the first two hours of bookbuilding.
- With the orderbook supported by high quality accounts and real depth of demand, the BDA revised down the spread by 2bps and fixed at 8bps over OLO 95 at 10:28h CET.
- The orderbook closed at 11:30h CET with total orders in excess of EUR 34 billion (including EUR 2.9 billion of JLM interest) from over 190 investors. The significant size and quality of the orderbook encouraged the Belgium Debt Agency to set the new issue size at EUR 5 billion.
- Using several measures and comparisons, the fair value for the new June 2054 benchmark was seen at OLO 95 +5bps. The final pricing at 8bps over the OLO 95 represents a new issue concession of 3bps to that fair value.

- The new June 2054 OLO was priced at 14:55h CET at OLO 95 +8bps. With a coupon rate of 3.300% and a reoffer price of 99.070%, it provides the investors a reoffer yield of 3.349%.

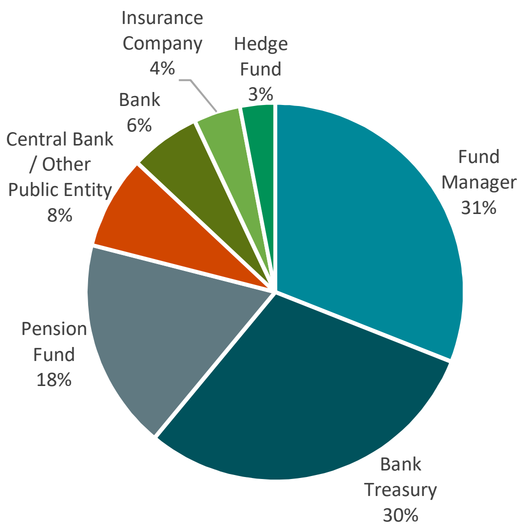
Summary of distribution

- Geographic distribution was granular with over 190 accounts involved in the transaction. Participation was well balanced within Europe with the United Kingdom taking the largest share of the allocation (19%) followed by France (17%), Netherlands (11%), Italy (6%), Germany (6%) and Belgium (3%). Investors from the remaining Eurozone were allocated 19%, while other European countries participated for a total of 11%. Outside of Europe, accounts based in United States were the largest participants at 8%.
- In terms of investor type, Fund Managers and Bank Treasuries were allocated 31% and 30% of the transaction, followed closely by Pension Funds (18%) and Central Banks & Other Public Entities (8%). Banks and Insurance Companies were also well represented, accounting for 6% and 4% of the allocations, respectively.

Distribution by region



Distribution by type



Summary of terms and conditions

Issuer	The Kingdom of Belgium
Ratings	Aa3 by Moody's (stable) / AA by S&P (stable) / AA- by Fitch (stable)
Format	Belgium Government Bond (in dematerialised book entry form) Reg S Cat 1, 144A Eligible, CAC
Size	EUR 5 billion
Maturity	22 June 2054
Settlement	22 February 2023 (T+5)
Coupon	3.300% Annual ACT/ACT
Benchmark	BGB 1.40% 22 June 2053 (OLO 95)
Final Spread	+8bps
Reoffer	Price 99.070% / Yield 3.349%
Listing/Law	Brussels, Belgian Law
Denominations	EUR 0.01 / EUR 0.01
Target Market	Retail / Professional / Eligible Counterparties (all distribution channels)
ISIN	BE0000358672
Bookrunners	BNP Paribas Fortis, Deutsche Bank, J.P. Morgan, Morgan Stanley and Nomura