



Kingdom of Belgium | Belgian Debt Agency

EUR 5bn 3.500% new 30-year benchmark due 22 June 2055

Deal Summary – February 2024

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 second OLO syndicated benchmark transaction for the year. The new EUR 5 billion OLO 101 due 22 June 2055 pays an annual coupon of 3.500% and was priced at a spread of 4bps over the OLO 98 maturing 22 June 2054 giving a reoffer yield of 3.504% and a re-offer price of 99.938%. Joint bookrunners were Barclays, BNP Paribas Fortis, Deutsche Bank, HSBC and Morgan Stanley. All remaining primary dealers in Belgian government securities were invited into the syndicate as co-leads.

Background

- The Belgian Debt Agency expects that the 2024 gross borrowing requirements of the federal government will amount to EUR 52.92 billion. This represents an increase of EUR 5.62 billion compared to the 2023 borrowing requirements. The funding plan includes an expected issuance of EUR 41 billion of OLOs, a decrease of 3.82 billion compared to last year. It expects to launch three new OLO fixed-rate benchmarks.
- The Belgian Debt Agency has now completed two of the three anticipated OLO fixed-rate benchmarks for 2024, as communicated in December 2023. This follows the new EUR 7 billion 10-year benchmark OLO launched in January via syndication. The third new benchmark bond is expected to be in a medium-term maturity and the exact tenor will be guided by investor demand and the yield environment.
- With today's transaction, the Belgian Debt Agency has raised 30% of the planned 2024 OLO issuance.

Execution highlights

- The mandate for the new 30-year benchmark was announced at 12:00h CET on Tuesday 6th February with the intent to execute the transaction on Wednesday 7th February.
- With constructive feedback from investors overnight, books were opened shortly after 09:00h CET on Wednesday 7th February with simultaneous release of pricing guidance of 7bps area over the OLO maturing 22nd June 2054.
- The transaction saw strong participation from the outset, with the orderbook growing in excess of EUR 62 billion 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 3bps in one swift move and fixed at 4bps over OLO 98 at 10:58h CET.
- The orderbook closed at 11:45h CET with total orders in excess of EUR 60 billion (including EUR 2.125 billion of JLM interest), representing by far the largest 30-year orderbook ever for Belgium, eclipsing the previous record orderbook of EUR 37.5 billion. The record breaking orderbook encouraged the Debt Agency to set the new issue size at EUR 5 billion.
- Using several measures and extrapolating Belgium's own curve for the additional year, the fair value for the new June 2055 benchmark was seen at OLO 98 +2bps. The final pricing at 4bps over the OLO 98 represents a limited new issue concession of 2bps to that fair value.



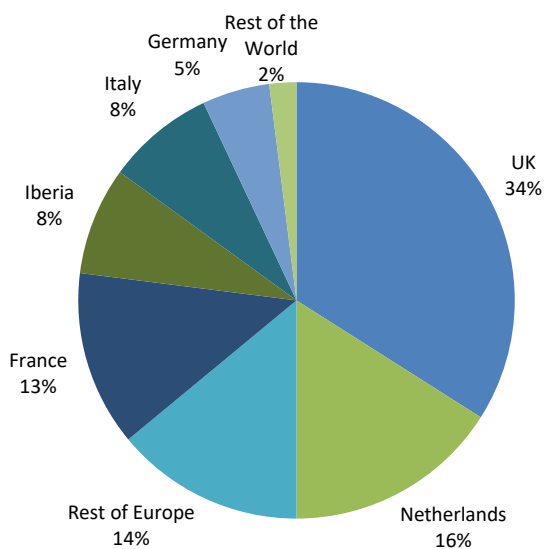


- The new June 2055 OLO was priced at 15:15h CET at OLO + 4bps. With a coupon rate of 3.500% and a reoffer price of 99.938%, it provides the investors a reoffer yield of 3.504%.

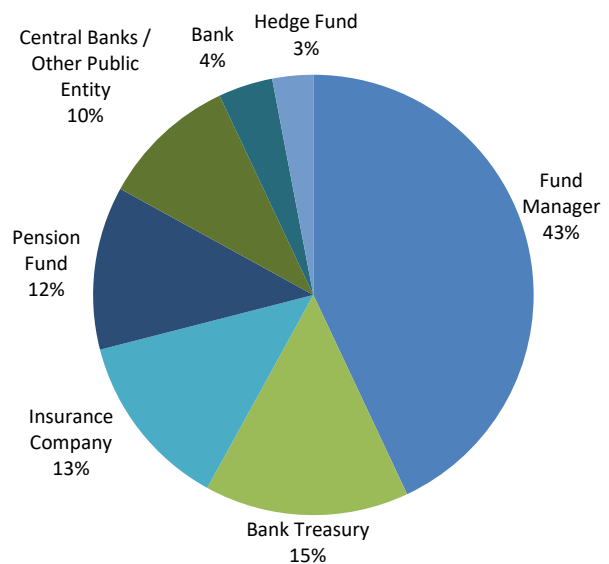
Summary of distribution

- Geographic distribution was granular with over 310 accounts involved in the transaction. Participation was well diversified within Europe, with the United Kingdom taking a third of the allocation (34%) followed by the Netherlands (16%), France (13%), Italy (8%), Iberia (8%) and Germany (5%). Investors from the rest of Europe were allocated 14%, while other accounts based outside of Europe took the remaining 2%.
- In terms of investor type, Fund Managers took the lion's share with 43% of total deal size. They were followed by Bank Treasuries (15%), Insurance and Pensions at 13% and 12%, respectively. Central Banks & Other Public Entities took 10% of the allocations, whilst Banks and Hedge funds took the residual at 4% and 3% each.

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 (negative)
Format	Belgium Government Bond (in dematerialised book entry form) Reg S Cat 1, 144A Eligible, CAC
Size	EUR 5 billion
Maturity	22 June 2055
Settlement	14 February 2024 (T+5)
Coupon	3.500% Annual ACT/ACT
Benchmark	OLO 3.3 22 June 2054 (OLO 98)
Final Spread	+4bps
Reoffer	Price 99.938% / Yield 3.504%
Listing/Law	Brussels, Belgian Law
Denominations	EUR 0.01 / EUR 0.01
Target Market	Retail / Professional / Eligible Counterparties (all distribution channels)
ISIN	BE0000361700
Bookrunners	Barclays, BNP Paribas Fortis, Deutsche Bank, HSBC and Morgan Stanley

