



**** POST MORTEM ****

Kingdom of Belgium new €5bn 10-year OLO72 benchmark

Final bond terms

◆ Issuer	The Kingdom of Belgium
◆ Rating	Aa3 (neg) /AA (neg) / AA (stable)
◆ Size	EUR 5 billion
◆ Lead managers	BNP Paribas Fortis, Citi, Crédit Agricole CIB, J.P. Morgan
◆ Trade date	14 January 2014
◆ Settlement date	21 January 2014
◆ Maturity date	22 June 2024
◆ Coupon	2.600% (p.a.)
◆ Re-offer spread	Mid-swaps +49 bps (equivalent to Bund Aug-23 +82.3 bps)
◆ Re-offer price	99.657 %
◆ Re-offer yield	2.639%

Deal Background

- ◆ The Kingdom of Belgium, rated Aa3 (neg) /AA (neg) / AA (stable), issued its first benchmark of 2014, a new €5bn OLO72, due June 2024.
- ◆ Traditionally, Belgium starts its funding program with a 10-year syndication in January which was also the chosen avenue for 2014. This year's program targets a €30bn OLO issuance which is a notable reduction versus previous years and confirms the success of Belgium's structural measures and efforts to continuously reduce its budget deficit and keep its debt ratio under control. There is no intention to increase the funding program through the course of the year given the successful prefunding of 2014 in the year prior as well as the completion of the consolidation of short term debt into long term issuance.

Pricing and Execution

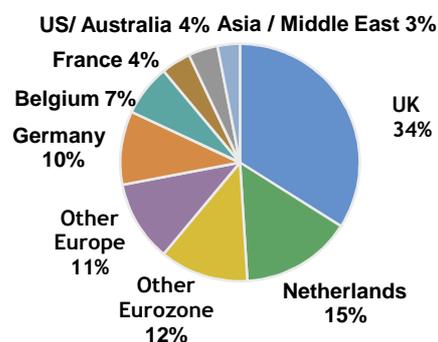
- ◆ The Euro market had a strong start into the year reflected in a peripheral rally and well-received primary supply. Given the continuation of the positive tone coupled with good primary interest in the long end, the Kingdom started to follow markets early on for their strategic 10-year project.
- ◆ After a week of ECB meeting and weak US payroll data, the Kingdom monitored the market closely early Monday 13th January, and with good and stable market backdrop the Belgian Debt Agency decided to announce its new long benchmark in the late morning, at 11.00 am CET, 10.00 am GMT. The performance of outstanding bonds throughout the day combined with positive investor enquiries post announcement was very encouraging for the next execution step on the day.
- ◆ The IOI stage was induced Tuesday early London morning at an indication of m/s +”low 50s” (equating to 4-5 bps NIP). With IPT interest growing quickly and surpassing €7bn soon (including €1.65bn primary dealer interest), books were opened at guidance of m/s+50 area before 10.30 am CET, 09.30 am GMT and continued to build rapidly thereafter.

- ◆ Lead books surpassed €9bn in just over an hour (including €1.7bn primary dealer interest), and combined with the high quality of the book the price guidance was revised to m/s+49 bps.
- ◆ With a final book size close to €11bn (including €1.7bn primary dealer interest) the size was fixed at €5bn, and the new benchmark subsequently priced just before 4.00pm CET, 3.00 pm GMT at m/s +49 bps which equates to a spread of 82.3 bps over the August 2023 Bund.

Distribution

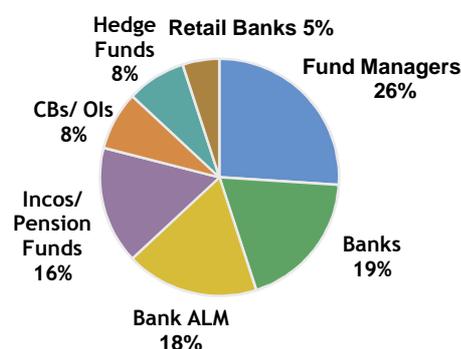
- ◆ Nearly 200 investors contributed orders to the transaction, with an average order size of €57.4mn. The combination of high non-domestic interest as well as high real-money participation are testimony of the Kingdom's continued strong standing in the international capital markets.
- ◆ A majority of the transaction was distributed to real money accounts – Fund Managers (26%), Bank ALM interest (18%) and Insurance Companies & Pension Funds (16%). Central Banks interest was also high for a 10 year transaction, at 8%. Europe overall was the driver of the transaction, with non-Eurozone interest dominating (48%), notably an exceptionally high single country pick-up from the Netherlands (15%), followed by Germany (10%).

By Investor Region



UK	34%
Netherlands	15%
Other Eurozone	12%
Other Europe	11%
Germany	10%
Belgium	7%
France	4%
US/ Australia	4%
Asia/ Middle East	3%

By Investor Type



Fund Managers	26%
Banks	19%
Bank ALM	18%
Incors/ Pension Funds	16%
CBs/ Ols	8%
Hedge Funds	8%
Retail Banks	5%