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## Kingdom of Belgium | Belgian Debt Agency

### EUR 5bn 0.800% new 10-year OLO74 due 22 June 2025

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POST MORTEM – 7<sup>th</sup> JANUARY 2015

The Kingdom of Belgium, rated Aa3/AA/AA by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency, its first syndicated OLO benchmark of 2015. The new EUR 5 billion OLO74 due 22 June 2025 pays an annual coupon of 0.800% with a short first coupon and was priced at a spread of 11bps over the interpolated mid-swap reference rate implying a reoffer yield of 0.883%. Joint bookrunners were Barclays, BNP Paribas Fortis, ING and Natixis. All remaining primary dealers in the Belgian government bond market were invited into the syndicate as co-leads.

#### Background

- The Treasury expects its 2015 gross borrowing requirements to amount to EUR 39.90 billion to cover redemptions and the expected deficit which will be financed by issuing EUR 32.5 billion of OLOs, marginally higher than the EUR 31.82bn issued via OLO in 2014.
- The transaction priced today is the first syndicated OLO benchmark for 2015. The Treasury expects to launch three new fixed-rate OLO benchmarks in 2015.
- A combination of predictability and flexibility continues to be the main feature of the issuance strategy. In this respect, the Belgium Debt Agency decided to keep its usual issuance pattern and start the year with a new 10-year benchmark as it has been the case for a number of years.
- Belgium government bonds experienced a strong rally at the end of 2014 and at the start to the New Year as they benefited from the "risk off" environment. On the back of this continuous performance and investors' interests, Belgium decided to take advantage of the first possible window of issuance of the year.

#### Execution highlights

- The mandate for this new 10-year benchmark was announced at 3:00pm CET on Tuesday 6<sup>th</sup> January. Immediate response to the mandate was encouraging with positive reverse enquiries and no impact on outstanding OLO bonds post announcement.
- In a pretty stable market environment, initial pricing thoughts ("IPTs") were released at 9:00am CET on Wednesday 7<sup>th</sup> January at MS + "low to mid teens". Indications of interest quickly grew and were in excess of EUR 4.5bn (excluding orders from Joint Bookrunners) when the orderbook officially opened at 10:15am CET with guidance at MS +12bps area. Investors' interest continued to arise throughout the morning and after less than 2 hours of bookbuilding, orders exceeded EUR 10bn and the spread was set at m/s+11bps, the tight end of guidance.
- The orderbook closed at 12:30 CET. More than 160 investors took part in the transaction with total orders in excess of EUR 11 billion (including EUR 1.75bn orders from Joint Bookrunners). The quality of the orderbook enabled the Belgium Debt Agency to set the new issue size at EUR 5bn.



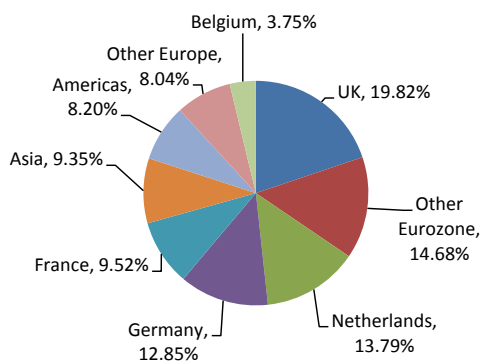


- The new June 2025 OLO priced at 3.40pm CET at MS +11bps implying a reoffer yield for investors of 0.883% and a coupon rate of 0.800%. Of note, this new 10-year benchmark:
  - was priced at the tightest level vs. swap and vs. Bund for a new 10y OLO since 2008;
  - bears the lowest ever coupon for a 10-year European Government Bond nominal benchmark as well as for any OLO;
- With this new transaction, Belgium is bringing a new liquid reference in the key benchmark maturity that will be available for taps via auction throughout the year. In this very low interest rate environment, exacerbated by the recent rally (the OLO June 2024 rallied by 10bps during the first 3 sessions of 2015), the level of MS+11bps (representing a new issue concession of 3bps over the interpolated OLO curve) is particularly remarkable.

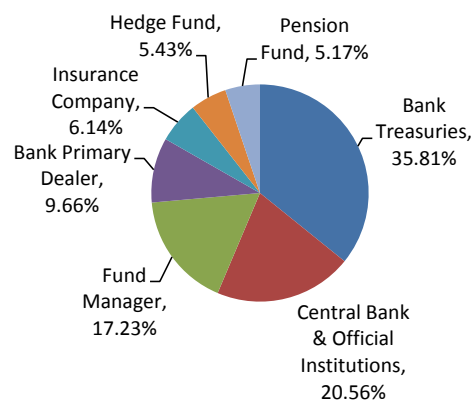
### Summary of distribution

- The geographical distribution shows a very good balance between the largest European jurisdictions (UK 19.8%, the Netherlands 13.8%, Germany 12.9% and France 9.5%), Asia (9.4%) and the Americas (8.2%).
- By investor type, the issue attracted substantial participation from Bank Treasuries (35.8%) but also from Central Banks & Official Institutions which represented 20.56% of the allocation, substantially higher than for the last OLO 10y where they took 8% of the bonds. This certainly highlights the appeal of the Belgium credit to these investors.

Distribution by region



Distribution by type



### Summary of terms and conditions

Issuer	The Kingdom of Belgium
Issue ratings	Aa3 (Stable) / AA (Stable) / AA (Negative)
Pricing date	7 <sup>th</sup> January 2015
Settlement date	14 <sup>th</sup> January 2015 (T+5)
Maturity date	22 <sup>nd</sup> June 2025
Size	EUR 5,000,000,000
Coupon	0.800% annual Act/Act (ICMA) with short first coupon
Re-offer spread	MS +11bps (DBR 1% 08/24 +41.2bps)
Re-offer price / Yield	99.177% / 0.883%
Listing / Law	Brussels / Belgian law
ISIN	BE0000334434
Joint bookrunners	Barclays, BNP Paribas Fortis, ING, Natixis