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## Kingdom of Belgium | Belgian Debt Agency

### EUR 5bn 1% new 10-year OLO77 due June 2026

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POST MORTEM – 13<sup>th</sup> JANUARY 2016

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 2016. The new EUR 5 billion OLO77 due June 2026 pays an annual coupon of 1% with a short first coupon and was priced at a spread of 12bps over the interpolated mid-swap reference rate implying a reoffer yield of 1.030%. Joint bookrunners were Barclays, BNP Paribas Fortis, ING and Societe Generale. All remaining primary dealers in the Belgian government bond market were invited into the syndicate as co-leads.

#### Background

- The Treasury expects its 2016 gross borrowing requirements to amount to EUR 38.86 billion to cover redemptions and the expected deficit which will be financed by issuing EUR 33.5 billion of OLOs, marginally less than the EUR 35.64bn issued via OLO in 2015.
- The transaction priced today is the first syndicated OLO benchmark for 2016. The Treasury expects to launch three new fixed-rate OLO benchmarks in 2016.
- 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.

#### Execution highlights

- The mandate for this new 10-year benchmark was announced at 2:15pm LDN on Monday 11<sup>th</sup> January. Immediate response to the mandate was encouraging with no impact on outstanding OLO bonds post announcement. The BDA subsequently cancelled the auction scheduled for Monday 18<sup>th</sup> January.
- Given the high level of supply on Tuesday 12<sup>th</sup> January, specifically the Kingdom of Spain 10-year EUR benchmark, Belgium decided to wait until the morning of Wednesday 13<sup>th</sup> January before executing their first syndication of 2016.
- In a stable market environment, marked by a rebound in Asian equities, the BDA and the mandated banks released initial pricing thoughts ("IPTs") just before 8:00am LDN on Wednesday 13<sup>th</sup> January at MS + "mid teens". Indications of interest quickly grew and were in excess of EUR 8bn (including EUR 1.175bn orders from Joint Bookrunners) when the orderbook officially opened an hour later with guidance at MS +14bps area. Investors' interest continued to arise throughout the morning and after 2 hours of bookbuilding, with orders approaching EUR 15bn, the spread was set at MS +12bps, 2bps tighter than guidance.
- The orderbook closed at 12:00 LDN. More than 180 investors took part in the transaction with total orders over EUR 13.75 billion (including EUR 1.1bn orders from Joint Bookrunners). This marks the largest orderbook for a new OLO since 2008 and the quality of the orderbook enabled the Belgium Debt Agency to set the new issue size at EUR 5bn.



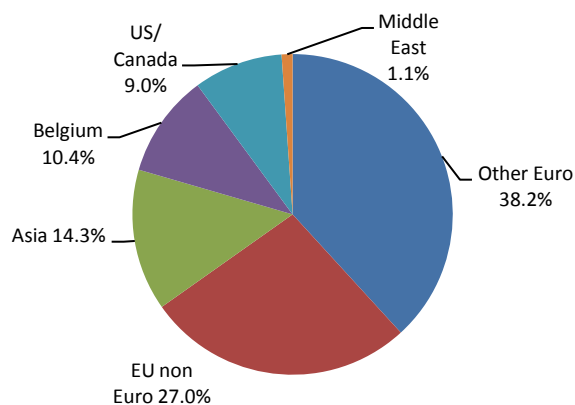


- The new June 2026 OLO priced at 4pm London time at MS +12bps implying a reoffer yield for investors of 1.03% and a coupon rate of 1%. At MS+12bps, the new issue concession was 4bps, a fairly low level given the size of the transaction.
- With this new transaction, Belgium is bringing a new on-the-run 10-year benchmark -the OLO June 2025 reached EUR 17.7bn outstanding- which will be tapped during the year via auctions.

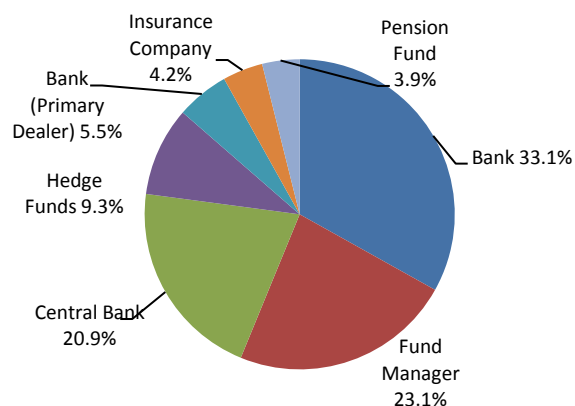
### Summary of distribution

- The geographical distribution shows a very good balance between the largest European jurisdictions (Euro area 38.2%, EU non-Euro 27.0% and Belgium 10.4%) and the rest of the world. Of note, the Asian participation (14.3%) was 5% higher than for the last 10y OLO.
- By investor type, the issue attracted substantial participation from Bank Treasuries (33.1%) but also from Central Banks & Official Institutions which represented 20.9% of the allocation, in line with the last OLO 10y.

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	13 <sup>th</sup> January 2016
Settlement date	20 <sup>th</sup> January 2016 (T+5)
Maturity date	22 <sup>nd</sup> June 2026
Size	EUR 5,000,000,000
Coupon	1.000% annual Act/Act (ICMA) with short first coupon
Re-offer spread	MS +12bps (DBR 1% 08/25 +51.9bps)
Re-offer price / Yield	99.706% / 1.030%
Listing / Law	Brussels / Belgian law
ISIN	BE0000337460
Joint bookrunners	Barclays, BNP Paribas Fortis, ING, SG CIB

