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## Kingdom of Belgium | Belgian Debt Agency

### EUR 3.5bn 1.60% new 30-year OLO78 due June 2047

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#### POST MORTEM – 1ST MARCH 2016

The Kingdom of Belgium, rated Aa3/AA/AA by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency, its second syndicated OLO benchmark of 2016. The new EUR 3.5 billion OLO78 due June 2047 pays an annual coupon of 1.60% and was priced at a spread of 63bps over the interpolated mid-swap reference rate implying a reoffer yield of 1.661%. Joint bookrunners were Barclays, BNP Paribas Fortis, HSBC and RBS. All remaining primary dealers in the Belgian government bond market were invited into the syndicate as co-leads.

#### Background

- Thanks to an improvement in the government budget deficit and slightly lower refinancing needs compared to last year, the Treasury expects its 2016 gross borrowing requirements to amount to EUR 38.86 billion which will be financed by issuing EUR 33.5 billion of OLOs, marginally less than the EUR 35.64 billion issued via OLO in 2015.
- Similarly to last year, the Treasury expects to launch three new fixed-rate OLO benchmarks in 2016. The transaction priced today is the second syndicated OLO benchmark for 2016 and follows a new EUR 5 billion 10-year OLO launched in January.
- Following the creation in 2015 of a new 15-year in February (OLO75) and a new 23-year in September (OLO76), the Treasury confirms its commitment to offer liquid reference points at the long-end of the OLO curve and take advantage of long-term financing at historically low rates with a new current coupon 30-year OLO due June 2047 replacing the on-the-run 30-year due June 2045 (OLO71) issued more than two years ago and now trading far from par in cash prices.
- Including this transaction, Belgium has now completed one third of its OLO funding for the year and increased the average life of its debt portfolio which was already at an all-time high of 7.96 years at the start of the year.

#### Execution highlights

- The mandate for this new 30-year benchmark was announced on Monday 29th February at 15:00 CET with the objective to execute the transaction on Tuesday 1st. Immediate response to the mandate was very encouraging with positive reverse enquiries and limited impact on outstanding OLO bonds post announcement.
- In a pretty stable market environment, initial pricing thoughts ("IPTs") were released at 09:00 CET on Tuesday 1st March at mid-swaps plus low to mid-60s.
- Given a constructive IPT process with EUR 3.5 billion of interest (incl. EUR 550 million from Joint bookrunners), the orderbook officially opened at 10:20 CET with guidance at mid-swaps +63bps area. With orders gathered in excess of EUR 5.5 billion (incl. EUR 700 million from Joint bookrunners) by noon CET, decision was taken to set the spread at mid-swaps +63bps. The orderbook continued to grow steadily and closed at 13:00 CET. More than 90 investors took part to the transaction with a total amount requested in excess of EUR 6.1 billion at the final spread. It was made of high quality real money investors enabling to launch a EUR 3.5 billion benchmark at 14:00 CET, i.e. the largest 30-year benchmark from a core/semi-core Eurozone sovereign in more than two years.
- Allocations were released to the market at 15:05 CET and the transaction priced at 15:50 CET at mid-swaps +63bps implying a reoffer yield for investors of 1.661% and a coupon rate of 1.60%.



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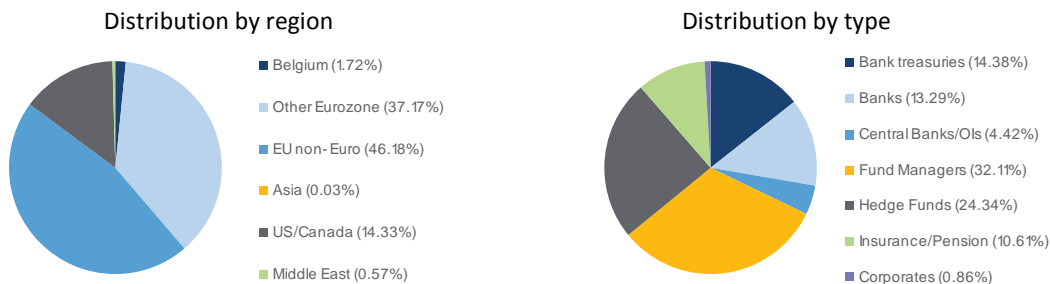




- At the time of pricing, fair value was calculated at 55.5bps over mid-swaps based on the extrapolation of the OLO Mar-2041 and Jun-2045 yields. The pricing at 63bps over mid-swaps represents a new issue concession of 7.5bps, which is a great achievement for a EUR 3.5 billion transaction on the 30-year segment in this particular historical low rates environment.
- With this new transaction, the Belgian Debt Agency brings another key long-dated benchmark to the markets. Further, the low levels at which Belgium has been able to raise these funds – lowest coupon ever achieved by the Treasury for a nominal OLO in the 20-year+ segment – re-affirms the breadth and quality of Belgium’s investor franchise and gives a strong message to the market as the result achieved is another clear vote of confidence for the country going forward.

### Summary of distribution

- The geographical distribution shows a good balance between the largest European jurisdictions with Eurozone countries allocation at around 39% and non-Euro EU countries at 46%. Away from Europe, the transaction attracted strong interest from North America with 14%. Hedge Funds and Banks were allocated 24% and 13% respectively.
- By investor type, the issue attracted substantial participation from Fund Managers (32%), Bank Treasuries (14%) and Insurance/Pension Funds (11%), while Central Banks & Public Entities took 4%. Hedge Funds and Banks were allocated 24% and 13% respectively.



### Summary of terms and conditions

Issuer	The Kingdom of Belgium
Issue ratings	Aa3 (Stable) / AA (Stable) / AA (Negative)
Pricing date	1 <sup>st</sup> March 2016
Settlement date	8 <sup>th</sup> March 2016 (T+5)
Maturity date	22 <sup>nd</sup> June 2047
Size	EUR 3,500,000,000
Coupon	1.600% annual Act/Act (ICMA) with short first coupon on 22 <sup>nd</sup> June
Re-offer spread	MS +63bps (DBR 2.50% 8/46 +78.3bps)
Re-offer price / Yield	98.524%
Re-offer yield	1.661%
Listing / Law	Brussels / Belgian law
ISIN	BE0000338476
Joint bookrunners	Barclays, BNP Paribas Fortis, HSBC, RBS