

Kingdom of Belgium

EUR 4.5bn 2.75% Green OLO 96 due April 2039

Deal Summary – 14th September 2022

Bond summary terms

Issuer:	Kingdom of Belgium
Ratings:	Aa3 (Moody's, Stable) / AA (S&P, Stable) /AA-(Fitch, Stable)
Size:	EUR 4.5 bn
Pricing Date:	14 September 2022
Settlement Date:	21 September 2022
Maturity Date:	22 April 2039
Coupon:	2.75% (short first)
Spread to Benchmark:	BGB 1.9% June 2038 + 6 bps
Re-offer price/Re-offer yield:	99.956% / 2.754%
Listing:	Brussels Stock Exchange
Structurers:	BNP Paribas Fortis, Crédit Agricole CIB
Bookrunners:	BNP Paribas Fortis, Crédit Agricole CIB, HSBC, J.P. Morgan
Co-Lead Managers:	Barclays, Citigroup, Deutsche Bank, KBC Bank, Morgan Stanley, Natixis, Natwest Markets, Nomura, SG CIB

The Kingdom of Belgium has recently updated the Green OLO Framework and today, through the Belgian Debt Agency, successfully launched its second Green OLO. This new EUR 4.5bn OLO will mature on April 22nd, 2039 and carries an annual coupon of 2.75%. With this transaction, the Kingdom has now achieved just over 90% of its planned 2022 long term funding.

This is the second Green OLO launched by the Kingdom of Belgium after its inaugural Green transaction in 2018. With this new transaction, the Kingdom created a new liquid maturity on its curve and will allow investors more options to invest in a Green sovereign instrument while enhancing further the Kingdom's commitment towards Climate Change mitigation, Biodiversity Conservation and Preservation of Natural Resources.

The lead managers for this syndicated OLO were BNP Paribas Fortis, Crédit Agricole CIB, HSBC and J.P. Morgan. BNP Paribas Fortis and Crédit Agricole CIB assisted the Kingdom with updating the framework of the new Green OLO. This new benchmark will be quoted by all primary dealers on the regular trading platforms and will therefore benefit from the same liquidity as conventional OLOs.

Characteristics:

The Kingdom conducted an extensive virtual and physical road show in Europe during the week starting September 5th in order to update investors on Belgium's environmental policies and the update of the Green OLO framework. On September 13th, the Kingdom announced its intention to launch the new transaction with a maturity of April 22nd, 2039, an extension of 6 years to OLO86. Books opened in the morning of Wednesday, September 14th and closed at 11:30 CET. The total demand at the orderbook closing time was above EUR 31bn from more than 200 investor accounts. The strong participation of real money accounts, in particular ESG-orientated investors, led to a EUR 4.5bn transaction, the maximum possible issuance size for the identified Green Eligible Expenditures for this transaction for the Belgian federal state.



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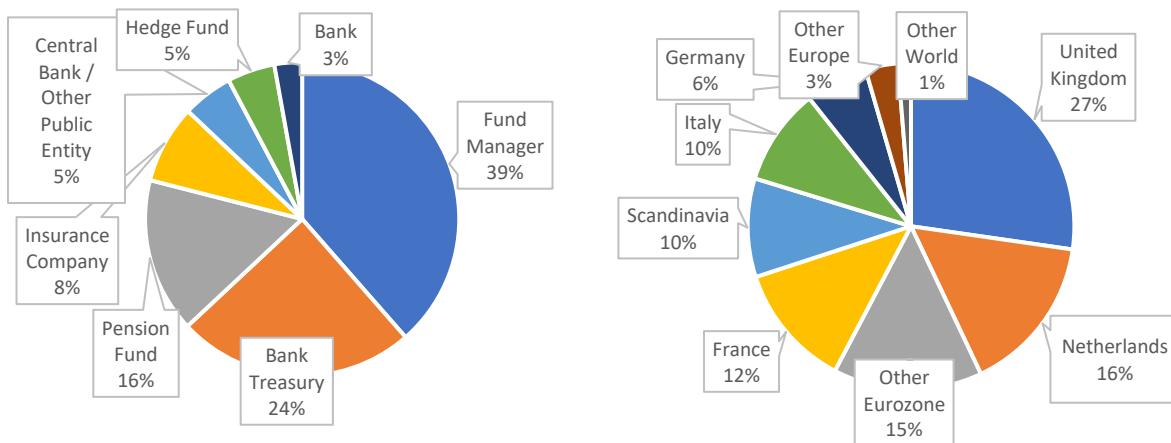


HSBC

J.P.Morgan

The transaction priced at a spread of 6 basis points over Belgium's outstanding June 2038 bond (OLO76) and represents a concession of about 2.5bp compared to the interpolation of the yield on the closest outstanding Belgian OLOs (2038 and 2040) at launch which reflects the large investor interest in this new Green OLO.

Fund Managers represented 39% of the allocations followed by Bank Treasuries (24%), Pension Funds (16%) and Insurance Companies (8%). By geographical distribution, the UK represented the largest share (27%) followed by the Netherlands (16%):



Over 60% of the total size of this new Green OLO was allocated to investors that embed Environmental, Social and Governance targets or criteria into their investment strategy.

Green OLO Framework:

The Kingdom of Belgium's environmental policies are oriented towards the five key areas of clean transportation, energy efficiency (including green buildings), renewable energy, circular economy (including waste management), and living resources and land use. In its framework, the Kingdom of Belgium has used these policy areas to in turn define potential eligible expenditures that can be financed from the proceeds of the Green OLOs.

Four years after its inaugural Green OLO transaction, the Kingdom of Belgium elected to update its Green OLO Framework in response to developments in the Green bond market. The majority of the changes are focused on the Use of Proceeds section, where the eligibility criteria for the activities in Clean Transportation, Energy Efficiency, and Renewable Energy have been updated to align with the relevant substantial contribution criteria for climate change mitigation in the EU Taxonomy. For two activities in the Clean Transportation sector, Moody's ESG, as second-party opinion provider, has assessed full alignment with all relevant EU Taxonomy criteria (including the DNSH and Minimum Safeguards criteria). The Kingdom of Belgium has also opted to be able to take into account expenditures from up to two years prior in order to take into the account the longer reporting cycles of some agencies with eligible expenditures. Notably, the Kingdom of Belgium has also decided to strengthen its commitments to impact reporting, and will now publish an annual combined allocation and impact going forwards until full allocation of the proceeds.

Moody's ESG has reviewed and opined on the Kingdom of Belgium's updated Green OLO Framework. In addition to its assessment of alignment to EU Taxonomy criteria for two economic activities, Moody's ESG considers the Kingdom of Belgium's framework to be aligned with the four core components of the Green Bond Principles (2021) administered by ICMA, as well as having an "Advanced" overall contribution to sustainability. Both the 2022 Green OLO Framework and SPO documents are available on the BDA's website.



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