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## Kingdom of Belgium | Belgian Debt Agency

### EUR 6bn 0.8% new 10-year due 22 June 2027 (OLO81)

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POST MORTEM – 17<sup>th</sup> January 2017

The Kingdom of Belgium, rated Aa3/AA/AA- (all stable) by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency, the first OLO syndicated benchmark transaction in 2017. The new EUR 6bn OLO81 due 22 June 2027 pays an annual coupon of 0.8% and was priced at a spread of 10bps over the interpolated mid-swap reference rate implying a reoffer yield of 0.8125%. Joint bookrunners were BNP Paribas Fortis, Citi, Crédit Agricole CIB and ING. All remaining primary dealers in the Belgian government securities were invited into the syndicate as co-leads.

#### Background

- The Belgian Debt Agency expects its 2017 gross borrowing requirements to amount to EUR 38.98bn to cover redemptions and the projected deficit. It is anticipated that EUR 35bn of financing needs will be financed by issuing OLOs.
- On the back of a positive market backdrop and strong demand for European Sovereign debt, the Kingdom of Belgium has decided to go ahead with its first syndicated transaction for 2017. In line with their historical strategy, they have offered investors a new 10-year benchmark, a tenor which has been consistently chosen by the Kingdom over the past few years to start off their syndicated programme. The Treasury expects to launch three new fixed-rate OLO benchmarks in total during 2017.
- With an issue size of EUR 6bn and a reoffer yield of 0.8125%, this benchmark represents the largest single-tranche syndication ever launched by the Kingdom of Belgium, as well as the lowest ever yield for a 10-year OLO. It demonstrates the tremendous and increasing appetite for OLOs in the market.

#### Execution highlights

- The mandate for this new 10-year benchmark was announced at 3pm CET on Monday 16<sup>th</sup> January. Although no Initial Pricing Thoughts had been communicated to the market following the announcement, the response from investors was positive with indication of interest shown before close of business.
- IPTs were released at 9:20am CET the following morning at MS+13/15bps. The response was very strong: in less than an hour, Indications of Interest ("IOIs") were above EUR 14.5bn (including EUR 2.1bn of Joint Lead Manager ("JLM") interest). This, added to an outperformance of OLOs on the secondary market allowed the guidance to be revised to MS+11bps area for formal book open.
- Investors continued to show positive interest once books were open, allowing for the guidance to be revised and set at MS+10bps at 11:40am CET, with orders exceeding EUR 19.5bn (including EUR 2.1bn of JLM interest).
- The orderbook closed at 12pm CET with total orders in excess of EUR 21.5bn (including EUR 2.6bn of JLM interest). The quality of the orderbook enabled the Belgian Debt Agency to set the new issue size at EUR 6bn.
- The new June 2027 OLO priced at 15:30pm CET at MS+10bps implying a reoffer yield for investors of 0.8125% and a coupon rate of 0.8%. Notably, this new 10-year benchmark was priced at:
  - the lowest ever yield for a 10-year OLO, and
  - the largest ever issue size for a syndicated single-tranche OLO.

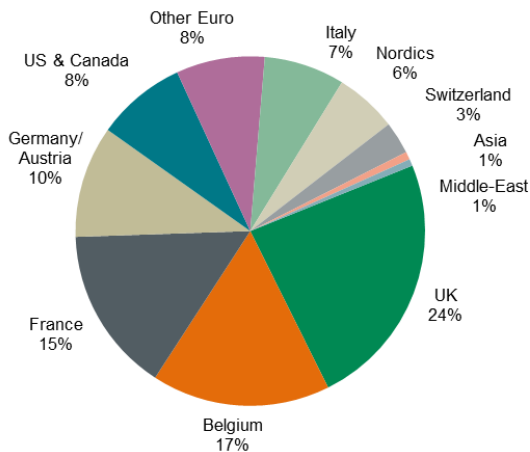


- With this new transaction, Belgium is bringing a new liquid reference in a key benchmark maturity that will be available for taps via auction throughout the year. In this low interest rate environment, the level of MS+10bps (representing a new issue concession of just 4bps over the interpolated OLO curve) is particularly remarkable.

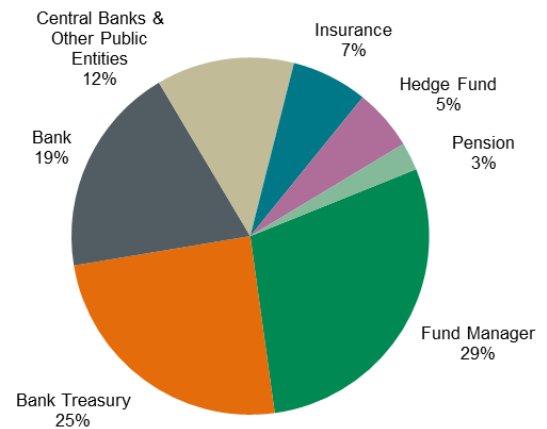
### Summary of distribution

- The geographical distribution shows a good balance between the largest European jurisdictions (UK 24%, Belgium 17%, France 15%, Germany/Austria 10% and Italy 7%) and the US & Canada (8%).
- By investor type, the issue attracted significant participation with the majority of the transaction being placed with Fund Managers (29%), followed by Bank Treasuries (25%), Banks (19%), Central Banks & Other Public Entities (12%), Insurance (7%), Hedge Funds (5%) and Pension (3%).

Distribution by region



Distribution by type



### Summary of terms and conditions

Issuer	The Kingdom of Belgium
Issue ratings	Aa3 (Stable) / AA (Stable) / AA- (Stable)
Pricing date	17 <sup>th</sup> January 2017
Settlement date	24 <sup>th</sup> January 2017 (T+5)
Maturity date	22 <sup>nd</sup> June 2027
Size	EUR 6,000,000,000
Coupon	0.8% annual Act/Act (ICMA) with short first coupon
Re-offer spread	MS +10bps
Re-offer price / Yield	99.877% / 0.8125%
Spread versus Bund	DBR 0.25% Feb-2027 +51bps
Listing / Law	Brussels / Belgian law
ISIN	BE0000341504
Joint bookrunners	BNP Paribas Fortis, Citi, Crédit Agricole CIB and ING