



## Post Mortem – Kingdom of Belgium

### EUR 6.0 billion 0.900% 10-year OLO87 transaction due 22<sup>nd</sup> June 2029

Date: 08<sup>th</sup> January, 2019

**Today, the Belgian Debt Agency has successfully launched its first Euro benchmark of 2019. This new EUR 6 billion OLO will mature on 22<sup>nd</sup> June, 2029 and carries a coupon of 0.900%.**

On January 8<sup>th</sup>, 2019, the Kingdom of Belgium, rated Aa3/AA/AA- by Moody's, S&P and Fitch (stable/stable/stable), launched and priced its first Euro-denominated benchmark of 2019 via the Belgian Debt Agency.

The new EUR 6 billion OLO87 due 22<sup>nd</sup> June 2029 pays an annual coupon of 0.900% and was priced at a spread of 8 bps versus the mid-swap reference rate implying a reoffer yield of 0.944%.

Joint bookrunners for this syndication were BNP Paribas Fortis, HSBC, J.P. Morgan, and Natixis.

#### Background

- The Belgian Debt Agency expects its 2019 gross borrowing requirements to amount to EUR 30.1 billion to cover redemptions and the projected deficit. It is anticipated that EUR 28 billion of financing needs will be financed by issuing OLOs.
- The choice of the 10-year maturity at the beginning of the year allows Belgium to provide a fresh, liquid, on-the-run benchmark reference that investors are strongly focused on.

#### Highlights of the Issue

- The Kingdom announced its new OLO87 on Monday, 07<sup>th</sup> January 2019 at 14:30 CET.
- Markets opened on a positive note on Tuesday, providing a stable backdrop to announce Initial Price Thoughts ("IPTs") of MS+11 area at 09:00 CET.
- With Indications of Interest ("Iols") exceeding EUR 15 billion (including EUR 1.7 billion from Joint Lead Managers) within the hour, books opened for the transaction. Initial price guidance of MS+ 10 area was released at 10:00 CET.
- The deal met with continued demand, and with interest exceeding EUR 24 billion (including EUR 1.8 billion from Joint Lead Managers), the price guidance was revised to MS+ 9 area (+/-1 WPIR) at 11:30 CET and subsequently refined to the final pricing of MS+ 8bps at 12:30 CET.
- Final books closed in excess of EUR 28.5 billion of demand (including EUR 1.8 billion of Joint Lead Manager interest), making this the biggest-ever OLO order book. EUR 6 billion were allocated.
- The transaction priced at MS+8 bps with a re-offer yield of 0.944% and a spread versus Germany's DBR 0.250% August 2028 of 71.4bps at 16:36 CET. This represents a final concession of 3 bps compared to the MS-spread of the interpolated Belgian bond curve; reflecting the quality of the book.
- This transaction marks Belgium's second-ever EUR 6bn size syndicated new bond.

#### Distribution Highlights

- The geographical distribution shows a good balance between the largest European jurisdictions (United Kingdom 23%, Belgium 14%, Germany 13%, France 13%)
- In terms of investor categories, the issue attracted substantial participation – over 225 accounts - with the majority of the transaction being placed with strong real money accounts, namely Bank Treasuries (38%), Fund Managers (21%), Insurance Companies and Pension Funds (totaling 15%), and Central Banks and other public entities (6%). Trading accounts represented 20% of the book.



**BNP PARIBAS  
FORTIS**

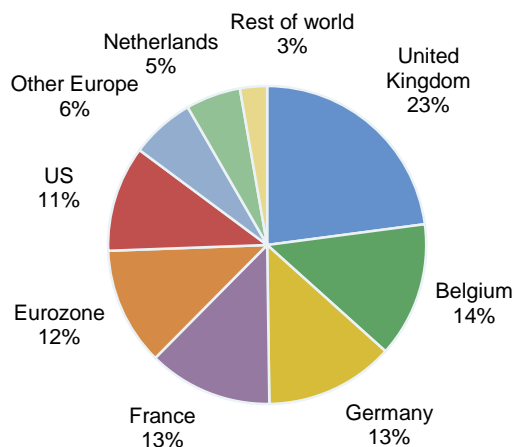


**J.P.Morgan**

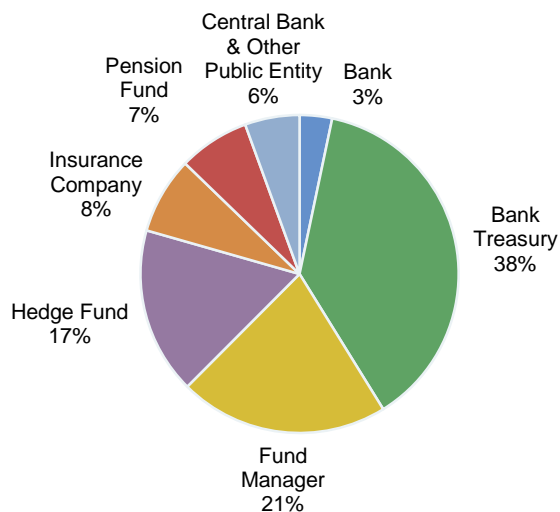


## Distribution Statistics:

### By Region



### By Type



### Contact

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### Bond terms summary

Issuer	Kingdom of Belgium
Ratings	Aa3 (Moody's) stable AA (S&P) stable AA- (Fitch) stable
Notional amount	EUR 6 billion
Format	RegS / 144A eligible
Coupon	0.900%
Pricing date	08 <sup>th</sup> January, 2019
Settlement date	15 <sup>th</sup> January 2019
Maturity	22 <sup>nd</sup> June 2029
Re-offer Price	99.566%
Re-offer Yield	0.944%
Benchmark	DBR 0.250% August 2028
Re-offer benchmark spread	+71.4 bps
Re-offer MS spread	+8 bps
Lead Managers	BNP Paribas Fortis, HSBC, J.P. Morgan and Natixis
Co-lead Managers	Barclays, Citi, Crédit Agricole CIB, ING, KBC Bank, Morgan Stanley, NatWest Markets, Nomura and SG CIB