



GRAND DUCHY OF LUXEMBOURG

EUR 1.5bn 0% 5-Year and EUR 1bn 0% 10-year - Dual Tranche Benchmark

PRESS RELEASE - Tuesday, the 21st of April 2020

Bond summary Terms

Issuer	Grand Duchy of Luxembourg		
Rating	Aaa / AAA / AAA (all stable)		
ISIN	LU2161837203		LU2162831981
Size	EUR 1.5bn		EUR 1bn
Pricing Date	21 st April 2020		
Settlement Date	28 th April 2020 (T+5)		
Maturity Date	28 th April 2025		28 th April 2030
Coupon	0%		0%
Spread to Mid-Swaps	MS+3 bps		MS+13 bps
Re-offer Yield	-0.185%		+0.078%
Re-offer Price	100.93%		99.223%
Spread vs Bunds	+47.3 bps		+55 bps
Lead Managers	BCEE, BGL BNP Paribas, BIL, Deutsche Bank and Société Générale		

Transaction Summary

- On Wednesday 21st April 2020, the Grand Duchy of Luxembourg, rated Aaa / AAA / AAA (all stable), returned to the Euro debt capital markets for the first time in 2020 with a new syndicated bond issue consisting of a EUR 1.5bn 5-year and a EUR 1bn 10-year dual tranche offering.
- The raised funding of a total amount of EUR 2.5bn contributes to the financing of the EUR 8.8bn support package announced by the government in relation to the COVID-19 crisis.
- The new 5-year and 10-year dual tranche benchmark bonds further complete the Luxembourg government bond ("LGB") curve with two liquid points while minimizing its overall funding cost. Both tenors carry a 0% annual coupon with the 5-year tranche due 28th April 2025 implying a negative yield of -0.185% and the 10-year benchmark due 28th April 2030 reflecting a yield of +0.078%.
- The two tranches were quickly oversubscribed as they received strong support from a high-quality investor base highlighting Luxembourg's status as a safe haven asset for global investors.
- Joint lead managers for the transaction were BCEE, BGL BNP Paribas, BIL, Deutsche Bank and Société Générale.



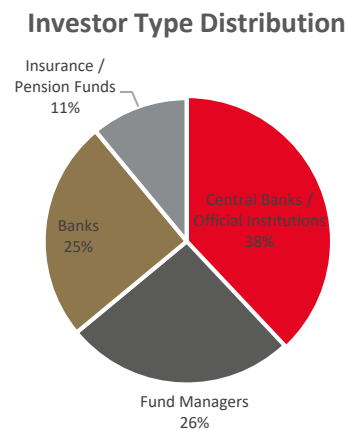
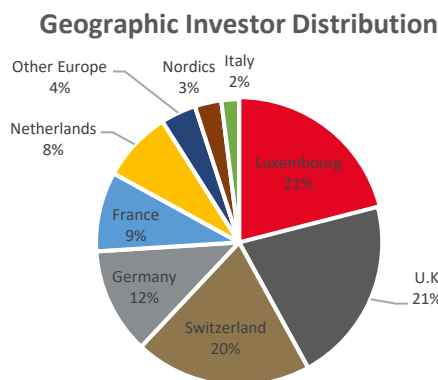
Pricing and Execution

- The mandate of the new Grand Duchy of Luxembourg dual tranche benchmark was announced on Monday 20th of April 2020 at 01:00pm CET.
- On Tuesday 21st of April 2020 books officially opened at 09:05am CET with a spread guidance of MS+7bps area on the new 5-year benchmark tranche and MS+18bps area on the 10-year benchmark tranche.
- The order book grew quickly with orders in excess of €6.3bn (excl. JLM interest) at 10:35am CET skewed towards the 10-year tranche. Strong investor demand on both tranches following the books opening enabled to revise the initial guidance to MS+5bps area on the new 5-year benchmark tranche and MS+16bps area on the 10-year benchmark tranche.
- A further update was communicated to the market at 11:17am as books were in excess of €4bn (excl. JLM interest) on the new 5-year benchmark tranche while investor interest exceeded €5bn (excl. JLM interest) on the 10-year maturity with overall limited price sensitivity. This allowed to set the spread to MS+3bps on the new 5-year tranche and MS+13bps on the 10-year benchmark tranche. At 11:50am the issue size was set EUR 1.5bn on the 5-year leg and EUR 1bn on the 10-year. The transaction was finally priced at 4:50pm CET.

Distribution Summary

- Luxembourg gathered firm investor demand from a wide range of domestic and international accounts with over 137 orders in the 5-year and 185 investors involved in the 10-year. Total orderbooks closed in excess of EUR 4.7bn on the 5-year and EUR 5.8bn in 10-year. In terms of distribution the transaction received strong interest from central Banks/Official Institutions, Fund Managers, Insurers and Banks as detailed here below.

EUR 1.5bn 0% 5-Year Benchmark



EUR 1bn 0% 10-year Benchmark

