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## THE GOVERNMENT ISSUES A 2-YEAR DOLLAR BOND

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On October 20, the government issued a dollar bond maturing on October 27 2022. The bond was issued as a bullet bond with a coupon of 0.125 percent. In total dollars 2.0 billion was issued. Proceeds from the issue were swapped to euro 1.7 billion with a fixed rate. The issuance process and the composition of the investors can be seen in the attached press release.

The issue is the government's first bond issue in foreign currency since 2014, and follows a full update of the government's EMTN program. The central government's EMTN issues are normally used to supplement the foreign exchange reserve, but can also – in extraordinary circumstances – be used to finance the central government's domestic expenditure. Yesterday's issuance was to ensure that everything in the issuance process works as it should and that the government has the expected strong and diversified market access in foreign currency funding.

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Press release – 20<sup>th</sup> October 2020

## Kingdom of Denmark USD 2 billion 2-year RegS/144a Benchmark due 27<sup>th</sup> October 2022

### Terms of Transaction

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Issuer:	Kingdom of Denmark
Amount:	USD 2 billion
Rating:	Aaa Moody's / AAA S&P / AAA Fitch (all stable)
Pricing date:	20 <sup>th</sup> October 2020
Settlement date:	27 <sup>th</sup> October 2020 (T+5)
Maturity date:	27 <sup>th</sup> October 2022
Coupon:	0.125%, semi-annual
Re-offer spread:	Mid-swaps + 1bps UST 0.125% 09/30/22 + 9.85bps
Re-offer price:	99.755%
Re-offer yield:	0.248%
Joint Lead Managers:	Danske Bank, HSBC, JP Morgan, SEB

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### Background information

- On Tuesday 20<sup>th</sup> October 2020, Kingdom of Denmark rated Aaa (Moody's) / AAA (S&P) / AAA (Fitch), launched and priced a new 2 year USD benchmark with a reoffer spread of mid-swap +1bps, which equated to 9.85 bps over the UST 0.125% September 2022 reference UST. The transaction priced with a 0.125% semi-annual coupon, a re-offer price of 99.755% and 0.248% re-offer yield.
- The 2-year USD benchmark transaction, which follows a complete update of the Kingdom of Denmark's EMTN programme, is to ensure complete and diversified market access through foreign currency funding in case it would be needed to support the FX reserves or – in extraordinary cases – to cover a domestic financing requirement.
- The transaction is the first foreign currency bond issuance from the Kingdom of Denmark since 2014. There are no current plans to issue additional foreign currency bonds in the near term.

### Execution Process

- On Thursday 15<sup>th</sup> October 2020, The Kingdom of Denmark mandated Danske Bank, HSBC, J.P. Morgan and SEB as joint bookrunners for an USD short dated RegS/144a Fixed Rate Bond Benchmark. The transaction was announced to the market together with an online investor presentation at around noon European time, to be launched in the near future, subject to market conditions.
- Following strong investor interest and with a positive market backdrop following the weekend, initial price thoughts were released on Monday 19<sup>th</sup> October 12:40 CET, at mid-swap +5bps area.
- On the back of continued positive investor response as testified by indications of interest in excess of \$6.5bn (excluding Joint Lead Manager interest), books were officially opened with guidance mid-swap +2bps area for the expected deal size of USD 2bn at 9:16 CET.

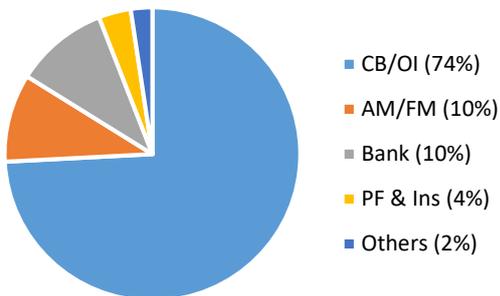


- Order books grew quickly and at 10:55 CET the book size was over \$9.2bn (excluding Joint Lead Manager interest) allowing the guidance to be revised and set to mid-swap +1bp with the further communication that books were to close at 11:10 CET.
- The final book closed at just shy of \$8.9bn (excluding Joint Lead Manager interest) allowing the issuer to set the final transaction size to \$2bn.

### Distribution

- The 4.5 times oversubscribed transaction is a testament of the Kingdom of Denmark's strong access to a global and well diversified investor base for foreign currency funding.
- The deal attracted a wide range of high quality investors from across the globe. The number of accounts participating was close to 115. Central Banks/Official institutions represented the majority of the issue, followed by banks and asset/fund managers.

Allocation by investor type



Allocation by geography

