

PRESS RELEASE

23<sup>th</sup> March, 2021

**European Union EUR 13.0 billion dual tranche bond issue due 4<sup>th</sup> March 2026 and 2<sup>nd</sup> May 2046**



The European Union (“EU”), rated AAA/AAA/Aaa/AA/AAA by DBRS, Fitch, Moody’s, S&P and SCOPE (positive outlook for S&P, stable for the other rating agencies), issued today a €13 billion dual tranche social bond split over two distinct tenors: €8bn due in March 2026 and €5bn due in May 2046. This was the EU's sixth transaction under the Support to mitigate Unemployment Risk in an Emergency (SURE) programme.

The dual tranche has met with very strong interest from investors and the EU completed another successful dual tranche transaction.

The 5-year bond was priced at 14 bps below mid-swaps, which is equivalent to 20.0 bps over the 0.5% Bund due 15 February 2026 and 3.1bps above the 0% OAT due 25 February 2026. The 25-year bond was priced at 1bps above mid-swaps, which is equivalent to 34.4bps over the 2.5% Bund due 15 August 2046 and 11.0 bps below the 2% OAT due 25 May 2045. The final new issue premiums have been estimated c. 1.5bps on both tranches, a very strong outcome for the issuer given the large size raised.

The Joint Lead Managers were BNP Paribas, BofA Securities, DZ Bank, Morgan Stanley and Société Générale.

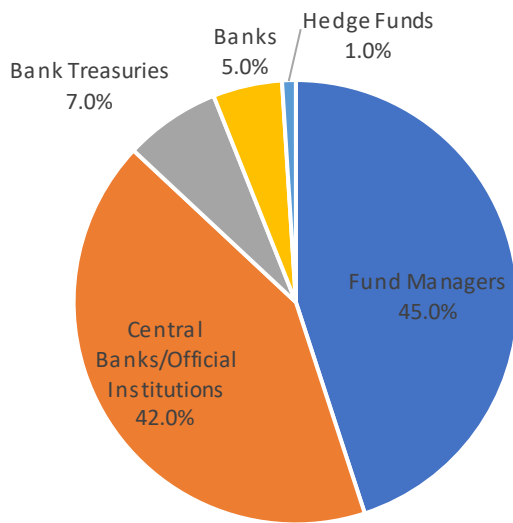
EU Commissioner **Johannes Hahn, in charge of Budget and Administration**, said: *“This second SURE transaction for this month and the sixth one since the start of the programme has once again attracted strong interest by the market. We have again obtained favourable pricing to the benefit of EU countries and their citizens. This is a good illustration of EU added value at times of the pandemic and yet another encouraging message in the run-up to the NextGenerationEU borrowing later this year”.*

**Execution highlights:**

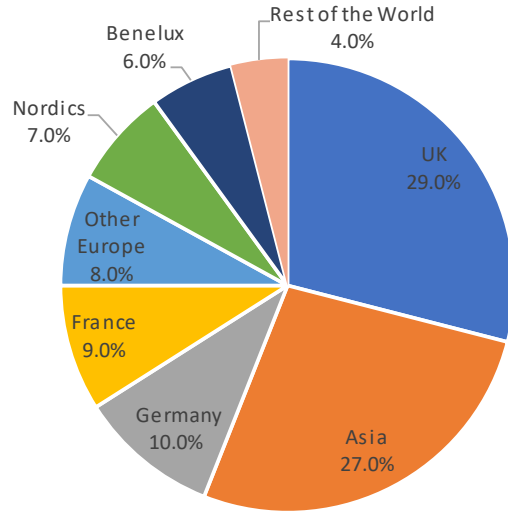
- The EU sent a Request for Proposal (RfP) to banks on the 15<sup>th</sup> of March 2021 and informed the market about the RfP. The mandate for a new dual tranche 5-year and 25-year benchmark was announced on Monday 22<sup>nd</sup> of March at 12h15pm CET.
- Books were opened in the morning of Tuesday 23<sup>rd</sup> of March at 08:45am CET with spread guidance of mid-swaps -12bps area for the new 5-year and mid-swaps +3bps area for the new 25-year. The Fair Value was agreed among the joint lead managers and the issuer at mid-swaps -15.75bps for the 5-year and mid-swaps -0.5bps for the 25-year.
- At 10:00am CET, a first update was released to the market to confirm book size over EUR 41bn (including 1.75bn JLM interest) for the 5-year and over EUR 40bn (including 1.75bn JLM interest) for the 25-year. The spread was set at mid-swaps minus 14bps on the 5-year benchmark and mid-swaps plus 1 on the 25-year benchmark. The sizes were set at EUR 8bn and EUR 5bn on the 5-year and 25-year lines respectively.
- The orderbook formally closed at 10:30 CET with orders exceeding EUR 46.5bn (including 1.75bn JLM interest) for the 5-year and EUR 50bn (including 1.75bn JLM interest) for the 25-year.
- The 25-year benchmark was priced at 16:30pm CET with a 0.450% coupon and an issue price of 99.386% providing a re-offer yield of 0.476% and a spread of 34.4bps over the 2.5% Bund due August 2046. The 5-year priced immediately after at 16:33pm CET with a 0% coupon and an issue price of 102.440% providing a re-offer yield of minus 0.488bps and a spread of 20.0bps over the 0.5% Bund due February 2026. The final new issue premium was estimated at c. 1.5bp on both tranches.
- With more than 600 orders in the final orderbooks and modest new issue concessions the EU has brought 2 new liquid reference benchmarks in the EU curve and established itself as the most liquid among supranational and agency issuers.

**Summary of the distribution:**

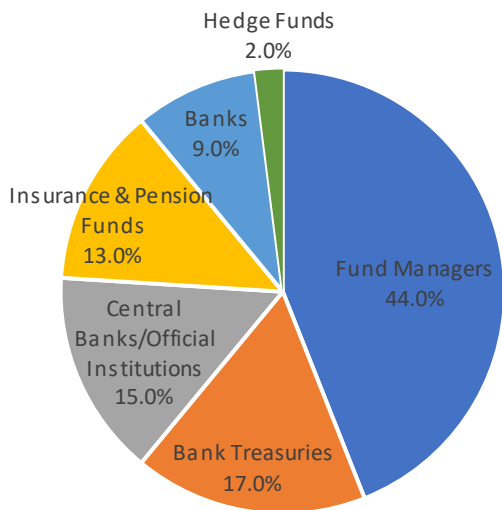
5-year – Distribution by Investor Type



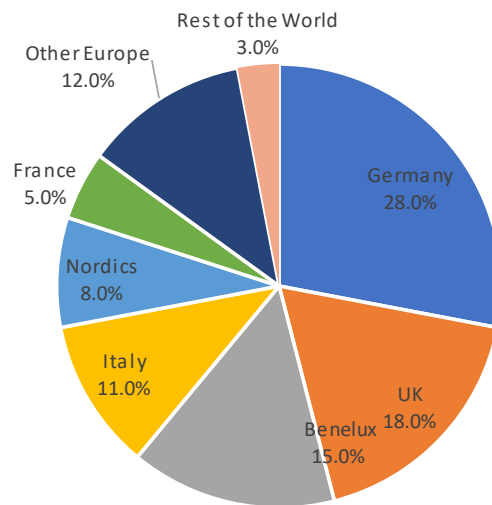
5-year – Distribution by Geography Type



25-year – Distribution by Investor Type



25-year – Distribution by Geography Type



## Summary of terms and conditions:

Issuer	: European Union (EU)	
Issue ratings	: AAA/AAA/Aaa/AA/AAA (DBRS/Fitch/Moody's/S&P/SCOPE) (benefitting from the unconditional support of all EU Member States)	
Pricing date	: 23 <sup>rd</sup> March 2021	
Settlement date	: 30 <sup>th</sup> March 2021 (T+5)	
Tranche	5y tranche	25y tranche
Maturity date	: 4 <sup>th</sup> March 2026	2 <sup>nd</sup> May 2046
Size of bond	: EUR 8 billion	EUR 5 billion
Coupon	: 0%; annual ACT/ACT	0.450%; annual ACT/ACT
Re-offer spread	: MS-14bps (Germany +20.0bps)	MS +1bps (Germany +34.4bps)
Re-offer price	: 102.440%	99.386%
Re-offer yield	: -0.488%	0.476%
ISIN	: EU000A3KNYF7	EU000A3KNYG5
Listing	: Luxembourg Stock Exchange	
Denominations	: EUR 1,000.00	
Bookrunners	: BNP Paribas, BofA Securities, DZ Bank, Morgan Stanley, Société Générale	

## Background information on the European Union

- The EU was established by the Treaty of Rome in 1957 and is 0% risk weighted as an issuer (Basel III). The EU's borrowings are direct and unconditional obligations of the EU, guaranteed by the EU Member States through the EU budget. The European Commission is empowered by the EU Treaty to borrow on the international capital markets, on behalf of the European Union.
- The EU borrows exclusively in Euros for on-lending in Euros to sovereign borrowers. The EU currently operates four loan programmes: The European Financial Stabilisation Mechanism ("EFSM"), the Balance of Payments facility ("BoP"), the Macro-Financial Assistance ("MFA") and the Support to mitigate Unemployment Risk in an Emergency (SURE).
- The bonds issued by the EU under SURE benefit from a social bond label.

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