



EU Global Investor Call

14 December 2023

Disclaimer:

Please note that this is an off-the-record event.

The information provided can be used but not attributed to the participants in the call.

Overview

- **State of play of EU issuances**
- **Funding Plan H1 2024**
- **Update on actions to support market infrastructure for EU securities**
- **NGEU Green Bond Reporting**



State of play of EU issuances

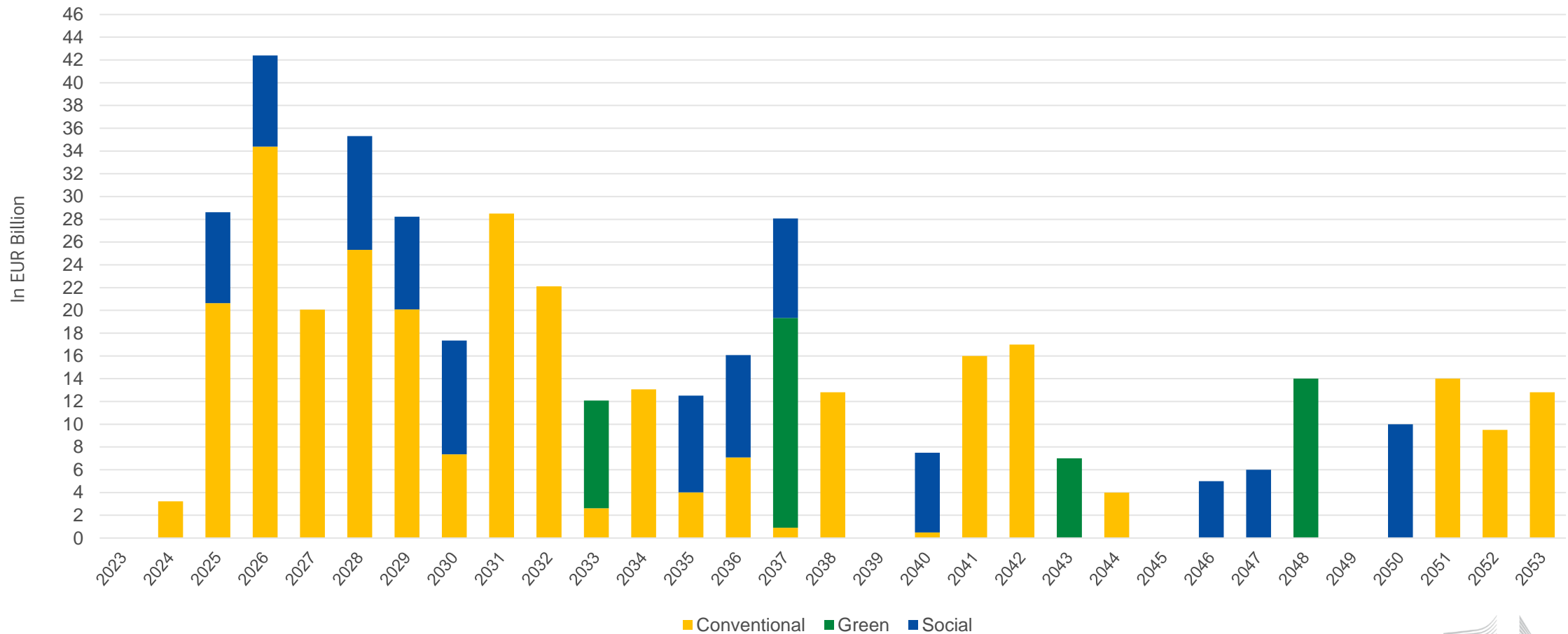


2023 highlights: Continuation of strong issuances

- From January to December 2023:
 - › **~EUR 116bn** raised via bond issuances, with 11 syndications and 12 auctions (of which **EUR 12.5bn in NGEU Green Bonds**)
 - › Regular issuances on **all the tenors** (from 3y to 30y)
 - › Increased use of **auctions with close to 40%** of the bonds issued via auction
 - › **More use of tap transactions** to support the secondary market liquidity of EU Bonds
 - › **Strong oversubscription** rates (6 - 24 times for syndicated transactions)
 - › Regular **EU-bills issuances** (22 dual tranche auctions)

Increasing EU outstanding bonds

- As of 14 December 2023, EU outstanding bonds of **€443 billion**, including **€48.9 billion in NGEU Green Bonds**

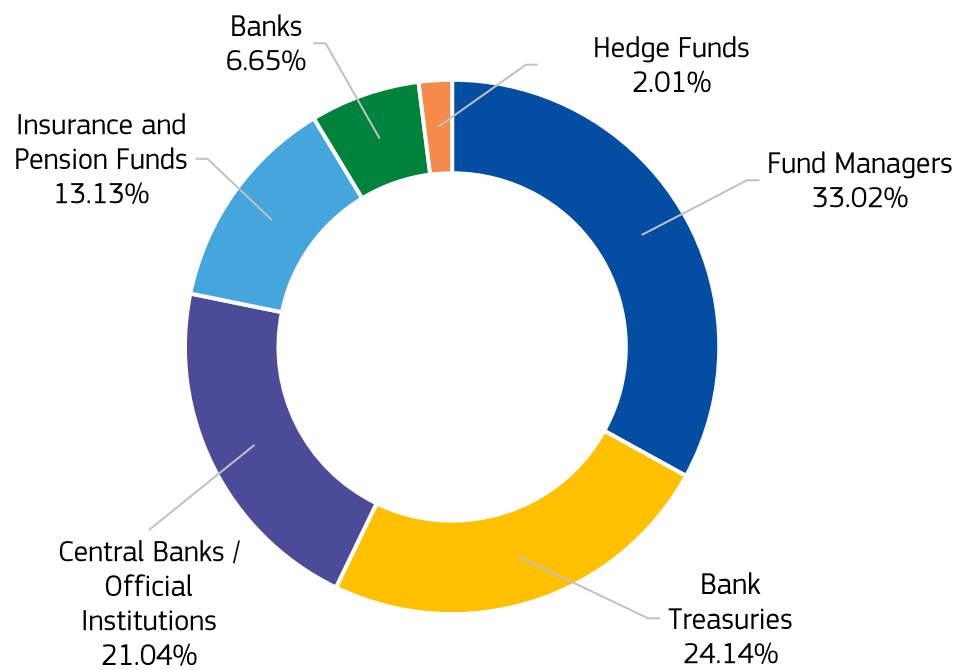


Source: European Commission

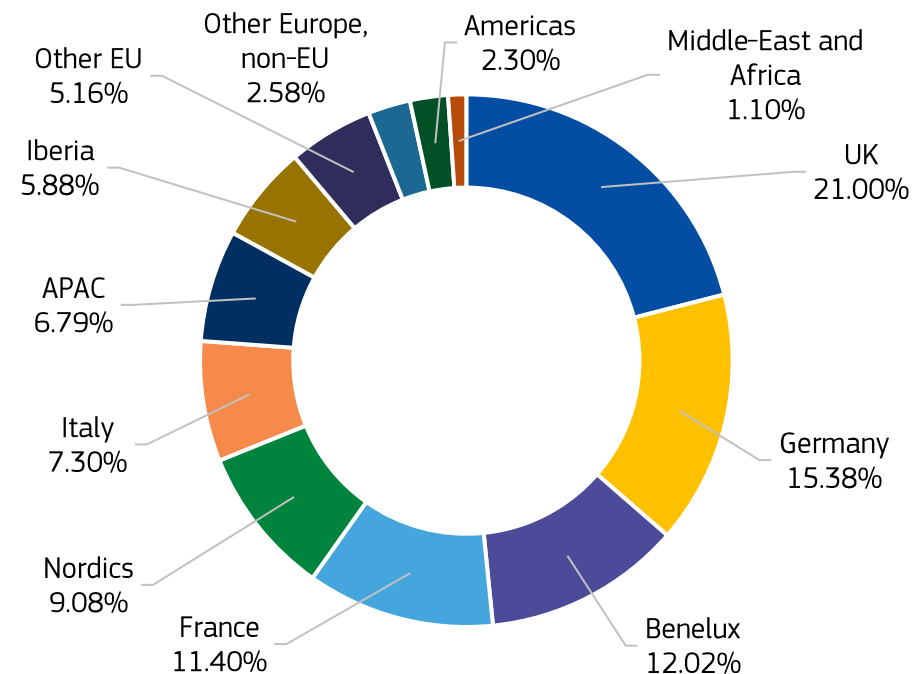
Strong demand from diversified investor base

Diversified investor base of around **1,600 different investors*** from around **70 different countries**.

Investor distribution by investor type



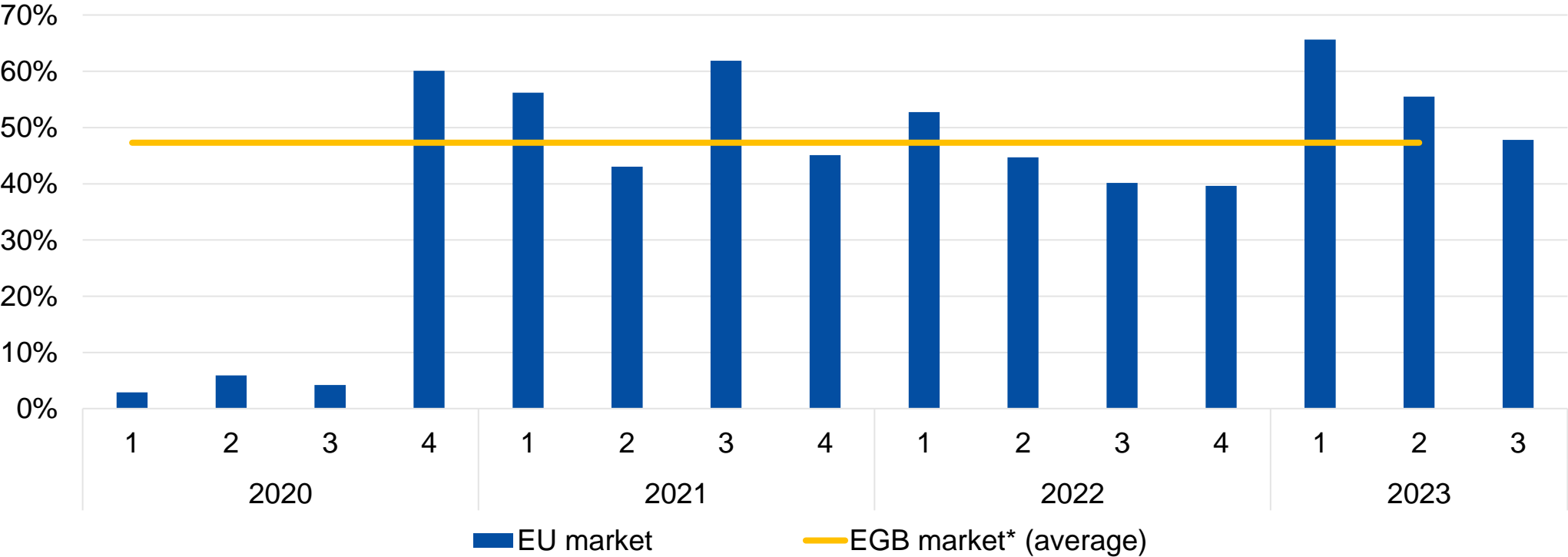
Investor distribution by country / region





EU-Bonds' liquidity: similar to European sovereigns and continues to grow

Quarterly secondary market turnover of EU and European Government Bonds (EGB)
(% of outstanding volume)



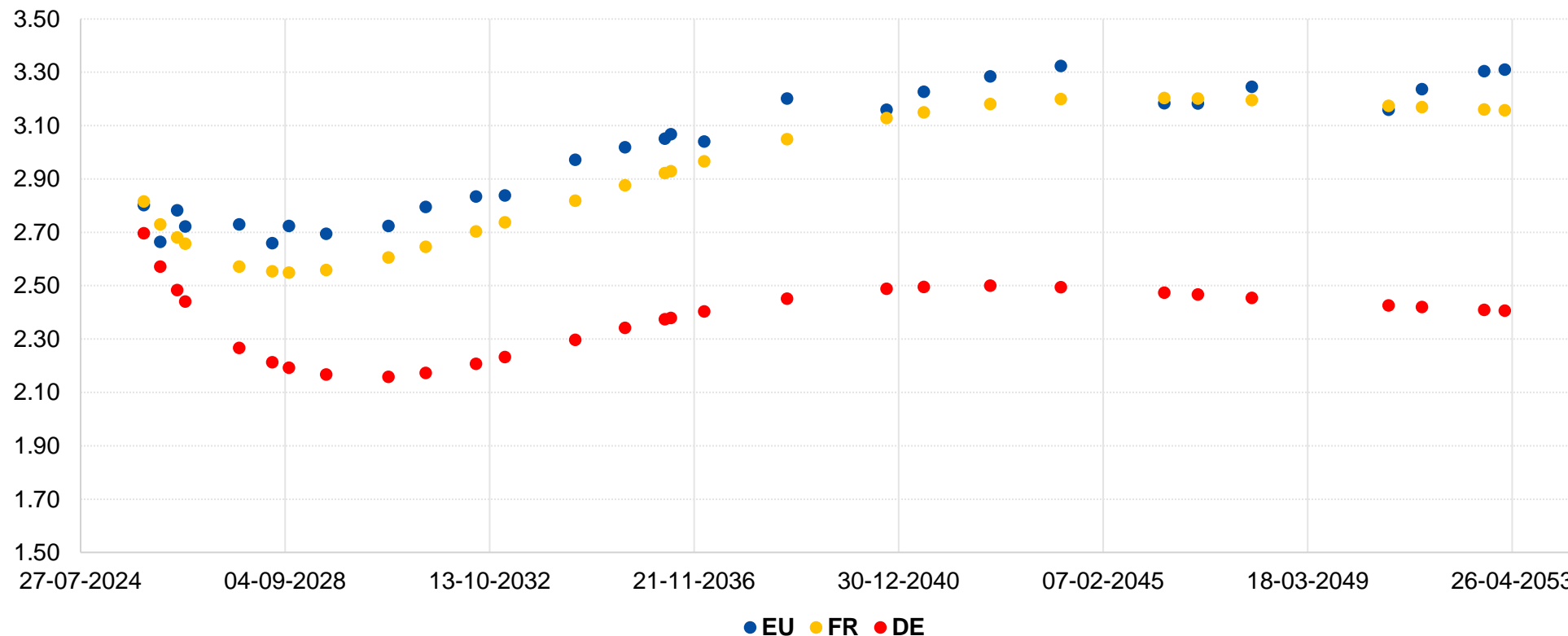
Source: European Commission based on Bloomberg data.

Note: European Government Bond (EGB) market here comprises Euro-area sovereigns, the European Financial Stability Fund and the European Stability Mechanism.



EU yields continue to follow market trends but with a pick-up

Yield curves of the EU, French and German bonds (as at 11/12/2023)



Source: Bloomberg data

Note: French and German bond yields based on interpolated rates

EU Funding plan H1 2024



EU Funding Plan H1 2024: Key elements

- **EUR 75bn of long-term funding for H1 2024**, complemented by short-term funding (**EU-Bills**).
- Regular issuance **from 3 to 30 years, with taps and new lines**.
 - Maturities for new lines will take into account **market conditions** and parts of EU curve in need of **liquidity**. Tentative focus will be on **3y, 10y, 15y** and possibly **30y** for new conventional lines.
- Maximum outstanding amount per bond increased from EUR 20bn to **EUR 25 bn**.
- Share of long-term **funding by auction expected to increase from ~40%** level reached in 2023.
- **NGEU Green Bonds** will continue to be issued in line with Member State reported eligible Green Bond expenditures.
 - In addition to **tap transactions**, one **new long-dated green bond may be considered**, depending on market conditions
- Funding plan available in **EU as a borrower website**: [Funding plans \(europa.eu\)](https://europa.eu/funding-plans)

EU Funding Plan H1 2024: Calendar

- **EU-Bonds Issuance schedule:**
 - Six syndications;
 - Seven bond auctions;
 - Transaction windows chosen in light of (already known) peer issuance calendar.
- **Continuation of EU-Bills schedule in line with past practice** (usually 1st and 3rd Wednesday of the month)

2024					
January	February	March	April	May	June
1 Mo	1 Th	1 Fr	1 Mo	1 We	1 Sa
2 Tu	2 Fr	2 Sa	2 Tu	2 Th	2 Su
3 We	3 Sa	3 Su	3 We EU-Bills Auctions	3 Fr	3 Mo
4 Th	4 Su	4 Mo EU-bond Auction	4 Th	4 Sa	4 Tu
5 Fr	5 Mo EU-bond Auction	5 Tu	5 Fr	5 Su	5 We EU-Bills Auctions
6 Sa	6 Tu	6 We EU-Bills Auctions	6 Sa	6 Mo	6 Th
7 Su	7 We EU-Bills Auctions	7 Th	7 Su	7 Tu	7 Fr
8 Mo EU-bond Auction	8 Th	8 Fr	8 Mo EU-bond Auction	8 We EU-Bills Auctions	8 Sa
9 Tu	9 Fr	9 Sa	9 Tu	9 Th	9 Su
10 We	10 Sa	10 Su	10 We	10 Fr	10 Mo
11 Th	11 Su	11 Mo	11 Th	11 Sa	11 Tu
12 Fr	12 Mo	12 Tu	12 Fr	12 Su	12 We
13 Sa	13 Tu	13 We	13 Sa	13 Mo	13 Th
14 Su	14 We	14 Th	14 Su	14 Tu	14 Fr
15 Mo	15 Th	15 Fr	15 Mo	15 We	15 Sa
16 Tu	16 Fr	16 Sa	16 Tu	16 Th	16 Su
17 We EU-Bills Auctions	17 Sa	17 Su	17 We EU-Bills Auctions	17 Fr	17 Mo
18 Th	18 Su	18 Mo	18 Th	18 Sa	18 Tu
19 Fr	19 Mo	19 Tu	19 Fr	19 Su	19 We EU-Bills Auctions
20 Sa	20 Tu	20 We EU-Bills Auctions	20 Sa	20 Mo	20 Th
21 Su	21 We EU-Bills Auctions	21 Th	21 Su	21 Tu	21 Fr
22 Mo	22 Th	22 Fr	22 Mo	22 We EU-Bills Auctions	22 Sa
23 Tu	23 Fr	23 Sa	23 Tu	23 Th	23 Su
24 We EU-Bills Auctions	24 Sa	24 Su	24 We	24 Fr	24 Mo EU-bond Auction
25 Th	25 Su	25 Mo	25 Th	25 Sa	25 Tu
26 Fr	26 Mo	26 Tu	26 Fr	26 Su	26 We
27 Sa	27 Tu	27 We	27 Sa	27 Mo EU-bond Auction	27 Th
28 Su	28 We	28 Th	28 Su	28 Tu	28 Fr
29 Mo	29 Th	29 Fr	29 Mo EU-bond Auction	29 We	29 Sa
30 Tu		30 Sa	30 Tu	30 Th	30 Su
31 We		31 Su		31 Fr	



Update on actions to develop market infrastructure for EU securities

Results of inaugural EU investor survey

- **Inaugural EU Investor Survey** (taken in June 2023, two years after the launch of NGEU) shows that:
 - **80%** of investors already see EU-Bonds as substitutes for core area EGBs
 - Inclusion of EU-Bonds in **‘sovereign indices’** is the single-most important remaining step to further align EU-Bond markets with EGB markets (strong importance for **75%** of the sample).
 - Introduction of **quoting arrangements** and a **repo facility** also seen as **‘very important’** in this regard.
 - Investors also reported that the **use of EU-Bonds as collateral** needs to be further developed.

Introduction of Quoting Arrangements

- Following months of preparations, quoting arrangements started as planned on **1st November 2023**.
- Although in its infancy, early signs suggest quoting arrangements will have a **positive impact**:
 - In the course of November, **24** of the 37 EU primary dealers started posting quotes on the first two recognised platforms (**MTS** and **BrokerTec**).
 - Average daily volumes for November reached ca. **EUR 900 million** and the maximum daily peaked above **EUR 2 billion**.
 - Majority of trades executed in **short maturity bonds** – 70% of volumes in 1-year – 12-year buckets.
 - Quoting also featured **tighter spreads relative to maximum limits** across all maturity buckets.

Further market infrastructure developments are ongoing

- The Commission is continuing to work on projects which will further align the market infrastructure for EU securities with the market infrastructure of large EGBs:
 - On **course to launch a repo facility in 2024** – this will help EU primary dealers get access to EU securities on a temporary basis in case of scarcity.
 - Continued **encouragement of market counterparties to provide EU-Bonds the same quality of collateral treatment as for sovereign bonds.**
 - Stated to engage in **joint reflections with market-leading index providers on the classification of EU securities** in their indices.

Launch of EU Issuance Service in January 2024

- **European Issuance Service (EIS)**: A euro-system based post-trade settlement infrastructure which will **align the settlement of EU debt securities with the debt securities of large Member States and the ESM**.
- From January 2024, all **new EU securities** (i.e. new ISINs for EU-Bonds and EU-Bills) issued by the Commission will be settled through the EIS
- The **National Bank of Belgium** will play the role of the issuer Central Securities Depository and settlement agent (Issuer-CSD) and the **ECB** will be the paying agent.
- Taps on EU debt securities first issued **before January 2024** will **continue to follow the Commission's pre-EIS trade arrangements** (BNP Paribas Securities Services as settlement agent and Clearstream Banking Luxembourg or Euroclear as (I)CSD).

Reinforcement of EU issuance programme – no impact on investors

NextGenerationEU: Green Bond Reporting



NGEU Green Bonds Allocation and Impact Report

- On **1 December 2023**, the Commission published the first comprehensive NGEU Green Bonds allocation and impact report.
- The report provides investors with:
 - › Updated data on the **allocation of NGEU Green Bonds proceeds** as of the **1st August 2023** cut-off date.
 - › Information on the **impacts of investments financed by NGEU** (for the first time)
- In line with the commitments of the NGEU Green Bond Framework, the report will be updated annually.

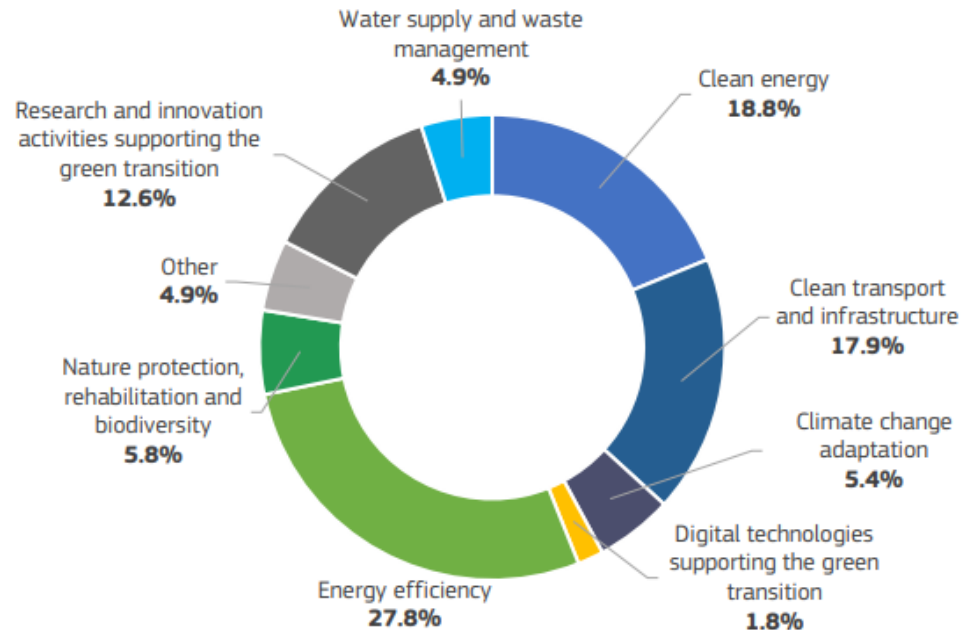
NGEU Green Bonds Allocation and Impact Report: Key figures

- Key figures from the current edition of the report include:
 - › **€48.9 billion:** Current size of NGEU Green Bond issuances
 - › **€190.6 billion:** Pool of planned eligible expenditures underpinning NGEU Green Bond programme as of 1 August 2023.
 - › **44 million tonnes of CO2 per annum*:** Amount of estimated CO2 emissions avoided following full implementation of quantifiable milestones and targets funded by NGEU Green Bonds until end-2026. **This is equivalent to 1.2% of all EU GHG emissions in 2022.**

* Realised impacts remain small (**0.5%**) reflecting the early stage of implementation of the policies financed by NGEU Green bonds.

NGEU Green Bonds Allocation and Impact Report: Key charts

Fulfilled milestones and targets per expenditure category (as of 1 August 2023)



Estimated impact per expenditure category*

Expenditure Category	GHG Emissions avoided (in tCO2e/year) - Total expected by 2026
Research and innovation activities supporting the green transition	3,499,281
Energy efficiency	7,407,791
Clean energy & network	18,648,956
Water supply & waste management	992,881
Clean transport & infrastructure	13,656,781
Grand Total	44,205,690

For more information:



Check out our EU as a borrower website: <https://europa.eu/!mq99rn>



Get in touch: EU-INVESTOR-RELATIONS@ec.europa.eu



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