

PRESS RELEASE  
18<sup>th</sup> November, 2020

**European Union EUR 395 million tap on its bond issue due June 10<sup>th</sup>, 2035**



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), today issued a EUR 395 million tap of its EU 0.125% June 2035 bond, increasing the nominal amount outstanding from EUR 660 million to EUR 1.055 billion. The transaction served to finance loan disbursements under the Covid-19 Macro-Financial Assistance programme.

The transaction was executed by the European Commission on behalf of the EU. The bond was priced at 5 basis points below mid-swaps, which is equivalent to 26.8 basis points over the DBR 0% May-35 and 1.9 basis points over the interpolated French (OAT) curve.

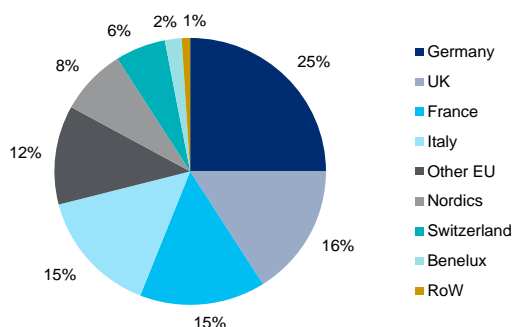
The Joint bookrunners were Citi, Credit Agricole and DZ BANK.

**Execution highlights:**

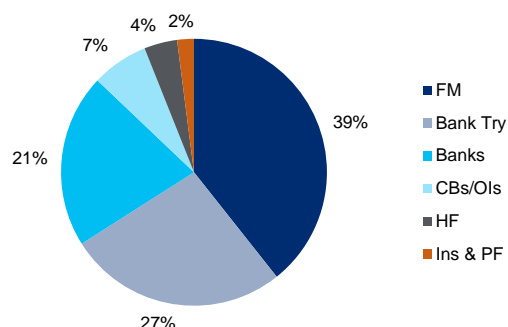
- The formal mandate for a EUR 395 million "no grow" tap on the EU 0.125% June 2035 bond was announced on 18<sup>th</sup> November 2020 at 8.50 CET with books opening at the same time.
- Spread guidance of mid-swaps minus 3 basis points area was released shortly thereafter and fair value of the underlying bond was agreed among the joint lead managers and the issuer at mid-swaps minus 5 bps. This was equivalent to an initial premium to fair value of 2 basis points.
- The orderbook reached in excess of EUR 2 billion (excluding JLM interest) within one hour from books' opening when the final spread was set at mid-swaps minus 5 basis points, flat to fair value.
- The orderbook continued to grow despite the 2 basis points price revision and closed at 10.30 CET in excess of EUR 3.1 billion (excluding JLM interest) with over 100 investors participating.
- The transaction priced at 15.05 CET with a spread of 5 basis points below mid-swaps, equivalent to 26.8 basis points over the DBR 0% May-35 and 1.9 basis points over the interpolated French (OAT) curve.
- In terms of investor type fund managers took the lion's share of the allocations (39%), followed by bank treasuries (27%), and other banks (21%). Central banks & official institutions were allocated 7% followed by hedge funds (4%) and insurance and pension funds (2%). The geographic distribution was well diversified across European countries.

**Summary of the distribution**

*By Geography*



*By 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	:	18 <sup>th</sup> November 2020
Settlement date	:	25 <sup>th</sup> November 2020 (T+5)
Maturity date	:	10 <sup>th</sup> June 2035
Current Outstanding	:	EUR 660,000,000
Tap Size	:	EUR 395,000,000 (no-grow)
New Outstanding	:	EUR 1,055,000,000
Coupon	:	0.125%; annual ACT/ACT
Re-offer spread	:	MS-5 bps (Germany +26.8 bps)
Re-offer price	:	103.387%
Re-offer yield	:	-0.106%
ISIN	:	EU000A28X702
Listing	:	Luxembourg Stock exchange
Denominations	:	EUR 1,000.00
Bookrunners	:	Citi, Credit Agricole, DZ BANK (B&D)

## 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 Risks in an Emergency (SURE), recently adopted by Council on 19 May 2020.

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