

PRESS RELEASE
4th December, 2018

European Union EUR 515 million tap on its 15-year bond issue due April 4th, 2033



The European Union ("EU"), rated AAA/Aaa/AA/AAA by Fitch, Moody's, S&P and DBRS (all rating outlooks stable), today issued a EUR 515 million tap on its EU 1.25% April 2033 bond increasing the nominal amount from EUR 2,100 million to EUR 2,615 million. This was the EU's fourth transaction of the year, which served to finance disbursements under the Macro-Financial Assistance to Ukraine (EUR 500 million) and Georgia (EUR 15 million).

The transaction was executed by the European Commission (Directorate General for Economic and Financial Affairs – Luxembourg) on behalf of the EU. The bond was priced at 5 basis points through mid-swaps, which is equivalent to +56.4 basis points over the 4.75% DBR due July 2034, +75.8 basis points over the 5.5% DBR due January 2031, +2.5 basis points over the 1.25% FRTR due May 2034 and +22.2 basis points over the 1.5% FRTR due May 2031.

The Joint bookrunners were Commerzbank, Goldman Sachs International, LBBW and TD Securities.

Execution highlights

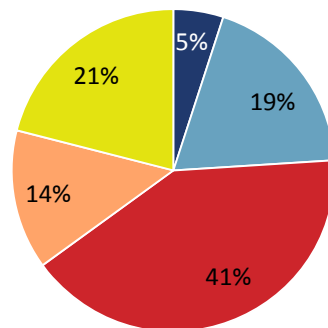
- Giving the political nature of the lending activities which are financed back-to-back, the upcoming transaction could only be announced on 30 November when all conditions had been fulfilled by the beneficiary countries.
- Given that the first week of December was considered to be a good funding window and on the back of the improved market sentiment seen on Monday, swift coordination with banks had to be ensured in order to seize the opportunity.
- The mandate was announced on Monday 3 December at 14:40 CET.
- Books were opened on Tuesday 4 December 2018 in the morning at 09:00 CET with a price guidance of mid-swaps-4bps area.
- On the back of the strong investor demand the transaction was tightened from initial guidance and priced at 14:31 pm CET at mid-swaps -5bps which was equivalent to a re-offer yield of 1.140%.
- With a final order book of €1bn, the transaction shows the depth of liquidity available to the EU despite the advanced stage of the funding calendar.
- In addition to the outright size of the book, the granularity of the distribution was also notable with over 40 investors participating from 13 different jurisdictions.
- The transaction received a strong support from accounts from Germany/Austria 41%, followed by French accounts with 31% given the pick-up to OATs on offer. In terms of investor type, Fund managers were the largest buyers with 41% with Pension and Insurance clients taking 21%.

Background information on the European Union

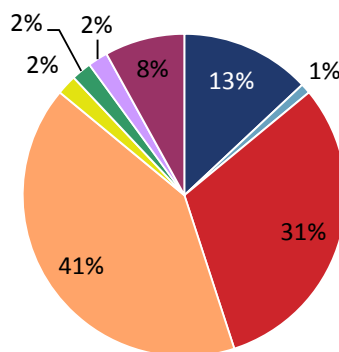
- The EU was established by the Treaty of Rome in 1957 and is 0% risk weighted as an issuer (Basel III). The EU's borrowings are direct and unconditional obligations of the EU, and are ultimately joint and severally guaranteed by the EU Member States. The European Commission is empowered by the EU Treaty to borrow from 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 three loan programmes: The European Financial Stabilisation Mechanism ("EFSM"), the Balance of Payments facility ("BoP") and Macro-Financial Assistance ("MFA").
- Under the EFSM, the EU can borrow up to EUR 60 billion to on-lend to, in principle, any Member State and up to EUR 50 billion under the Balance of Payments facility ("BoP"), where support is available only to Member States which have not adopted the Euro. Furthermore, the EU borrows to finance Macro-Financial Assistance ("MFA") loans to support, together with the IMF, non-EU countries.
- With this transaction, the EU closed the year with issuance of EUR 5bn.

Summary of the distribution



■ Bank
 ■ Bank Treasury
 ■ Fund Manager
 ■ Official Institutions & Central Banks
 ■ Pension Funds & Insurance



■ Asia
 ■ BeNeLux
 ■ France
 ■ Germany & Austria
 ■ Nordics
 ■ Other Europe
 ■ Switzerland
 ■ United Kingdom

Summary of terms and conditions

Issuer	:	European Union (EU)
Issue ratings	:	AAA/Aaa/AA/AAA (Fitch/Moody's/S&P/DBRS) (benefitting from the unconditional support of all EU Member States)
Pricing date	:	4 th December 2018
Settlement date	:	11 th December 2018 (T+5)
Maturity date	:	4 th April 2033
Size of tap	:	EUR 515,000,000
Coupon	:	1.250%; annual ACT/ACT
Re-offer spread	:	MS –5bps (DBR 4.75% 07/34 +56.4 bps)
Re-offer price	:	101.433%
Re-offer yield	:	1.140%
ISIN	:	EU000A19XC51
Listing	:	Luxembourg Stock exchange
Denominations	:	EUR 1,000.00
Bookrunners	:	Commerzbank, GS International, LBBW, TD Securities

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