

PRESS RELEASE  
25<sup>th</sup> June, 2018

**European Union EUR 1,100 million tap on its 15-year bond issue due April 4<sup>th</sup>, 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 1,100 million tap on its EU 1.25% April 2033 bond increasing the nominal amount from EUR 1,000 million to EUR 2,100 million. This was the EU's third transaction of the year, which served to extend the maturities of two EFSM loans due on 4 October 2018 (EUR 600 million for Portugal and EUR 500 million for Ireland, respectively).

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 14 basis points through mid-swaps, which is equivalent to +39.9 basis points over the 4.75% DBR due July 2034, + 60.9 basis points over the 5.5% DBR due January 2031 and + 16.5 basis points over the 1.5% FRTR due May 2031.

The Joint bookrunners were DZ Bank, Goldman Sachs, Nord/LB and Société Générale.

Execution highlights

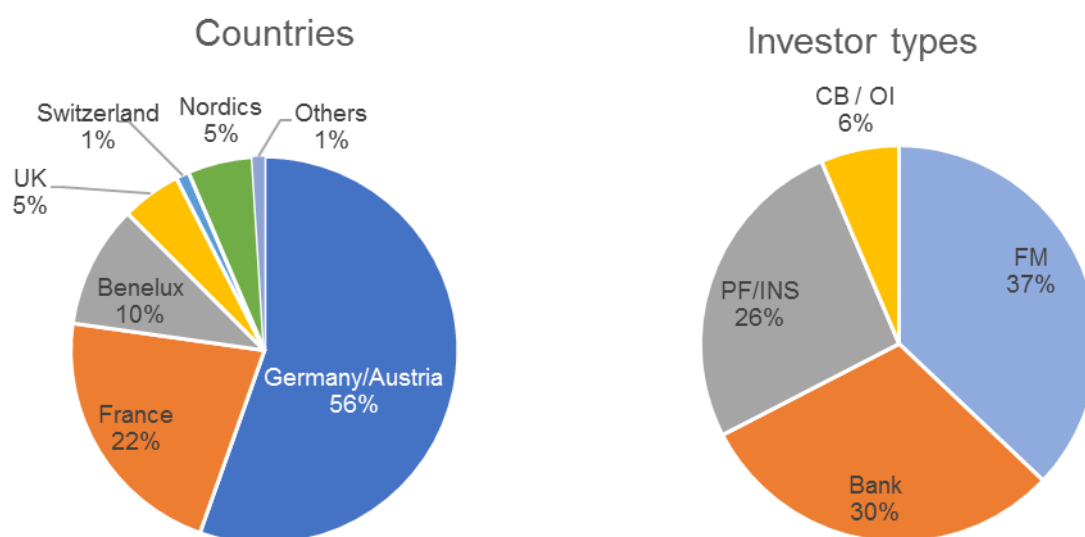
- The transaction was announced to the market on Monday 25 June 2018 morning as a EUR 1,100 million (no grow) tap of the existing EU 1.250% 04/04/2033.
- Given the volatility of recent weeks, the issuer opted for a one-day execution strategy and hence opened the orderbook just after announcement at 09:35 am CET with IPTs of mid-swaps -13 basis points area.
- With no competing primary supply, the transaction enjoyed a strong investor reception from the outset as the orderbook had reached EUR 1,250 million (incl. EUR 250 million JLM interest) by approximately 11:00 am CET allowing the EU to set the final spread at mid-swaps -14 basis points at 11:30 am CET with final books remaining comfortably oversubscribed, which allowed for a high quality allocation.
- The transaction priced at 13:16 pm CET at mid-swaps -14bp which was equivalent to a re-offer yield of 1.105%.
- The transaction received a strong support from accounts from Germany/Austria 56%, followed by France 22%, Benelux 10%, the UK and Nordics with 5% each. In terms of investor type, Fund Managers took 37%, Banks 30%, Insurance/Pension Funds 26% and Official Institutions 6%.

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.
- The EU funding plan for 2018 is close to EUR 5bn and with this transaction more than 90% of this year's funding plan has now been executed.

#### Summary of the distribution



#### 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	: 25 <sup>th</sup> June 2018
Settlement date	: 29 <sup>th</sup> June 2018 (T+4)
Maturity date	: 4 <sup>th</sup> April 2033
Size of tap	: EUR 1,100,000,000
Coupon	: 1.250%; annual ACT/ACT
Re-offer spread	: MS -14bps (DBR 5. 5% 01/31 +60.9 bps)
Re-offer price	: 100.963%
Re-offer yield	: 1.105%
ISIN	: EU000A19XC51
Listing	: Luxembourg Stock exchange
Denominations	: EUR 1,000.00
Bookrunners	: DZ BANK, GS, Nord/LB, SG

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