

P R E S S R E L A S E
December 2nd, 2020

European Union EUR 600 million tap on its bond issue due June 10th, 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 600 million tap of its EU 0.125% June 2035 bond, increasing the nominal amount outstanding from EUR 1.055 billion to EUR 1.655 billion. The transaction served to finance a loan disbursement under the Covid-19 Macro-Financial Assistance programme.

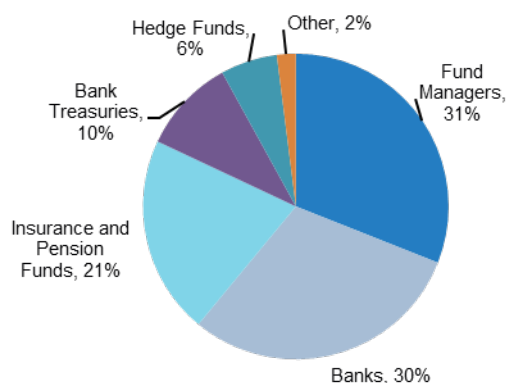
The transaction was executed by the European Commission on behalf of the EU. The bond was priced at 10 basis points below mid-swaps, which is equivalent to 17.3 basis points over the DBR 0% May-35 and 9.2 basis points below the interpolated French (OAT) curve.

Execution highlights:

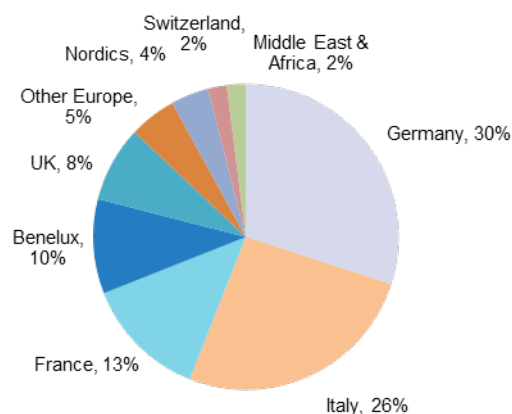
- The mandate for a EUR 600 million "no grow" tap on the EU 0.125% June 2035 bond was announced on Wednesday, 02 December 2020 at 8:37 CET.
- At the same time, books were formally opened, and a spread guidance of MS-8bps area was communicated to the market.
- Within just over an hour, demand grew to more than EUR 2.6 billion (excluding JLM interest), which enabled the EU to maximise the price tension and land 2bps tighter than guidance, setting the spread at MS-10bps.
- Momentum in the books continued, with final demand reaching in excess of EUR 3 billion (excluding JLM interest) when books closed at 10:30 CET.
- The transaction priced at 13.03 CET with a spread of 10 below mid-swaps, equivalent to 17.3 basis points over the DBR 0% May-35 and 9.2 basis points below the interpolated French (OAT) curve.
- In terms of investor type, fund managers took the lion's share of the allocations (31%), closely followed by banks (30%) and insurance & pension funds (21%). Bank treasuries were allocated 10% followed by hedge funds (6%) and others (2%). In terms of geographic distribution, the largest share of allocations went to Germany (30%), Italy (26%) and France (13%).
- At MS-10bps, the pricing outcome represents a new issue concession of about 0.5bps, and is a further testament to the exceptional standing the EU enjoys within the SSA community.

Summary of the distribution

By Investor Type



By Region



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 | : | 2 nd December 2020 |
| Settlement date | : | 9 th December 2020 (T+5) |
| Maturity date | : | 10 th June 2035 |
| Current Outstanding | : | EUR 1.055bn |
| Tap Size | : | EUR 600mm |
| New Outstanding | : | EUR 1.655bn |
| Coupon | : | 0.125% |
| Re-offer spread | : | MS -10 bps (DBR 0% 05/35 +17.3bp) |
| Re-offer price | : | 104.065% |
| Re-offer yield | : | -0.152% |
| ISIN | : | EU000A28X702 |
| Listing | : | Luxembourg Stock exchange |
| Denominations | : | EUR 1,000.00 |

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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