

PRESS RELEASE
18th October, 2017

European Union EUR 300 million tap on 0.750% benchmark due April 4th, 2031



The European Union ("EU"), rated AAA/Aaa/AA/AAA by Fitch, Moody's, S&P and DBRS (all rating outlooks stable), today increased the EU 0.750% April 2031 bonds by EUR 300 million for a new outstanding amount of EUR 3.16 billion. This was the second increase this year following a EUR 600 million tap in March.

The transaction was executed by the European Commission (Directorate General for Economic and Financial Affairs – Luxembourg) on behalf of the EU. The size of the transaction matches the first disbursements in support of Tunisia (EUR 200 million) and Jordan (EUR 100 million) under the current Macro-Financial Assistance ("MFA") programme. The EUR 300 million increase was priced at 26 basis points through mid-swaps, equivalent to + 27.8 basis points over the 5.5% DBR due January 2031.

Joint bookrunners were Barclays, HSBC and UniCredit.

The huge success and quality of the order book allowed the EU to tighten the spread by 2 bps during the course of the transaction, effectively pricing the tap with no new issue concession. The final spread has been set at mid swaps -26bps and the books closed at 9:55 am CET after just 55min with orders of over EUR 2.4bn (incl. EUR 200mn from Joint-Lead Managers), roughly 8 times oversubscribed. The tap was finally priced with a yield of 0.89% offering a pickup of 27.8 bps vs. DBR 5.5% Jan 2031. The transaction has been highly successful and underpins the strong standing of the EU within the European investor base. One market comment highlights the performance of the transaction stating "the massive oversubscription of the book is remindful of a corporate bond transaction".

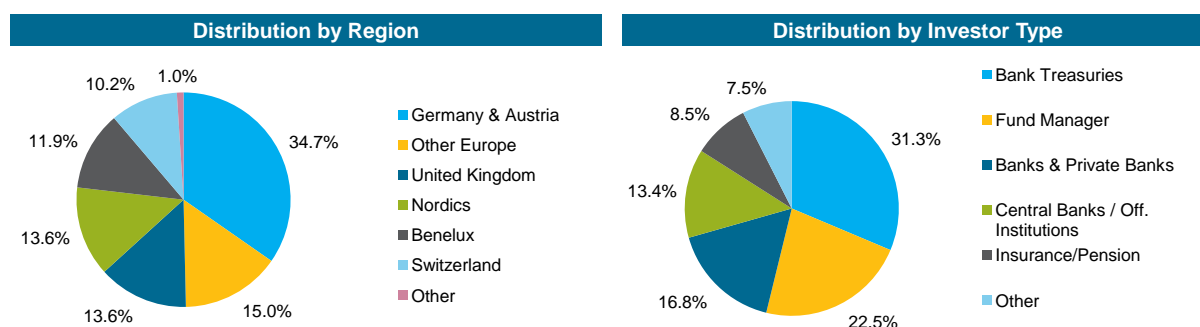
Background information on the European Union

- 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 has 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 obtainable only by 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 has committed up to EUR 500 million under the second MFA programme for Tunisia, of which the first tranche of EUR 200 million is funded with this transaction. Up to EUR 200 million have been committed under the second MFA programme for Jordan, of which the first tranche of EUR 100 million is funded with this transaction.

Execution highlights

- Following the timely internal approval of loan disbursements and two consistently constructive trading sessions, the EU decided to use the first available funding window and move ahead with the transaction.
- The mandate was announced on Tuesday 17th October at around 4:00 pm CET as a €300m (no grow) tap of their outstanding €2.86bn benchmark due April 2031, to bring the new outstanding to €3.16bn. No price guidance was communicated at this stage.
- Books were formally opened at 9:00am CET, with official spread guidance released as mid-swaps-24 basis points area. Very shortly after books open, at around 9:40 am CET, the spread was fixed at mid-swaps-26 basis points on the back of the very strong bookbuilding process with orders over €1.5bn (excluding Joint-Lead Manager interest). Books were advised to close shortly after at 9:55 am CET.
- The transaction priced at 12:45 pm CET at mid-swaps - 26 basis points, flat to their secondary trading level and 1 basis point through the mid trading level pre-announcement.
- With over 60 investors participating, the transaction saw a high degree of support from Germany/Austria (34.7%), as well as Nordics (13.6%) and the United Kingdom (13.6%), Benelux (11.9%), Switzerland (10.2%), other Europe (15%) and other regions (1%). In terms of investor type, Bank Treasuries were the largest group represented (31.3%) followed by Fund Managers (22.5%), Banks & Private Banks (16.8%), Central Banks/Official Institutions (13.4%), Insurance Companies and Pension Funds (8.5%) and other accounts (7.5%).

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	: 18th October 2017
Settlement date	: 25 th October 2017 (T+5)
Maturity date	: 4 th April 2031
Size	: EUR 300,000,000.00
Coupon	: 0.750%; annual ACT/ACT
Re-offer spread	: MS -26bps (DBR 5.50% 01/31 +27.8 bps)
Re-offer price	: 98.233%
Re-offer yield	: 0.890%
ISIN	: EU000A18Z2D4
Listing	: Luxembourg Stock exchange
Denominations	: EUR 1,000.00
Bookrunners	: Barclays, HSBC, UniCredit

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