



EU Investor Presentation

Investing in EU-Bonds & EU-Bills

The European Union: Who we are



The EU: A unique union of sovereign states

The EU is an **economic and political** union of **27 sovereign Member States**, defined by a **unique institutional structure** unlike a typical supranational entity:

- The EU has **decision-making capacity** in areas where Member States have transferred their sovereignty to the EU through the EU Treaties.
- The EU Treaties empower the EU to establish **EU laws** in certain areas, which the EU has **legislative power** to implement and enforce.
- The EU has **a distinct legal personality**, participating in international fora like the WTO (as a member) and the UN (as an observer).
- The EU has a **common currency** for the eurozone and an **independent central bank** (ECB) responsible for monetary policy.
- The EU has a **common budget** to finance EU policy priorities and **back EU debt issuance** (unlike a typical supranational with debt backed by pooled or committed capital).
 - › Next 7-year Multiannual **Budget Proposal 2028-2034** on 16 July 2025 – more information available [here](#).



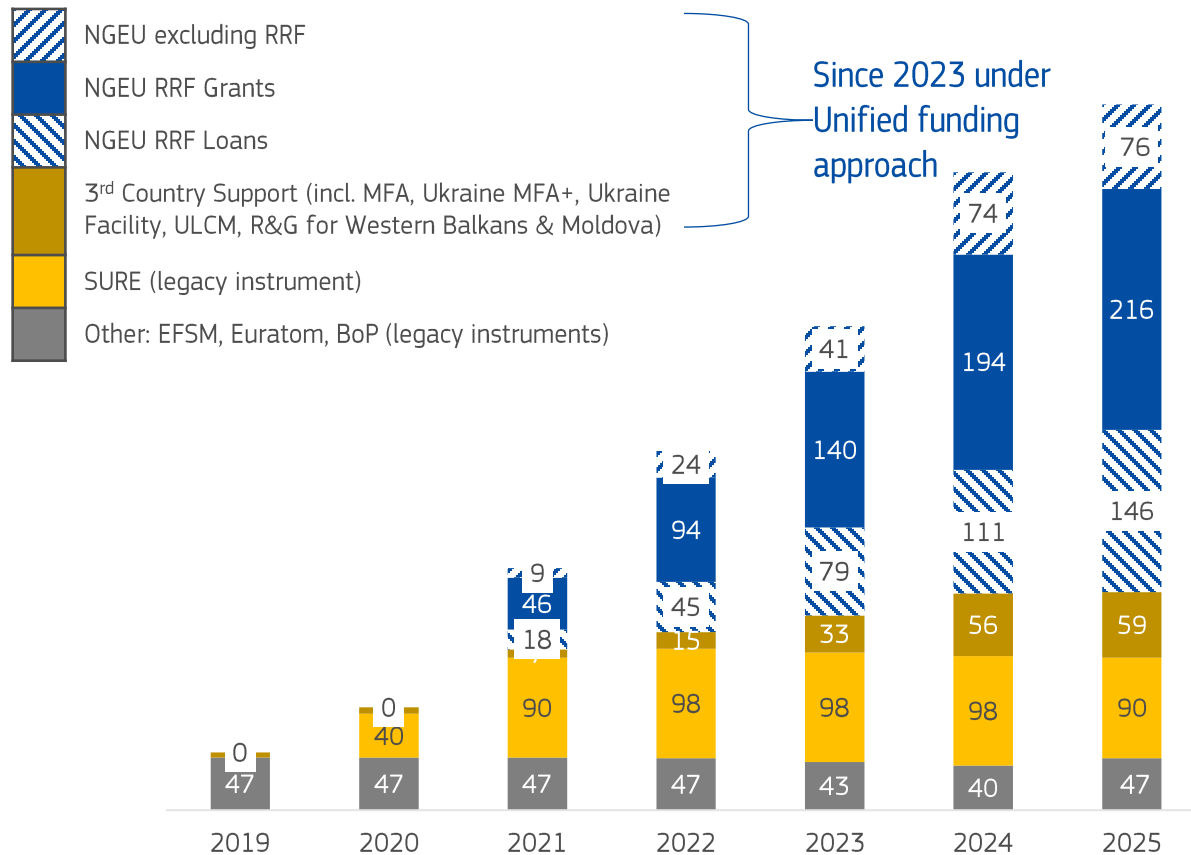
The EU as an issuer



THE EU AS AN ISSUER

EU issuances support EU policy objectives

EU financial assistance financed through borrowing over previous years
By category of EU programmes (based on outstanding disbursements in € bn)



- **NextGenerationEU (NGEU):** €637 bn (out of a maximum envelope of €806.9 bn, as set out in 2021) post Covid Instrument.
- **Support to Ukraine:** Including under the Ukraine Facility and the Ukraine Loan Cooperation Mechanism (ULCM) in line with the G7 agreement.
- **Macro-Financial Assistance (MFA):** Financial aid programmes for countries outside of the EU.
- **Reform & Growth Facilities:** €6 bn (of which €4bn loans) for **Western Balkans** and €1.9 bn (of which €1.5bn loans) for **Moldova** of grants and loans based on fulfilment of reforms
- **SURE:** €98 bn (out of a maximum envelope of €100 bn) to preserve employment and incomes during Covid.
- **European Financial Stabilisation Mechanism (EFSM):** Up to €60 bn programme to support EU Member States threatened by severe financial difficulties.
- **Balance of Payments (BoP):** Assistance facility for EU countries outside the euro area experiencing or threatened by difficulties regarding their balance of payments.
- **Euratom:** Financing eligible projects on behalf of the European Atomic Energy Community

Increased issuances to provide financial assistance to Ukraine in response to Russia's invasion



- Emergency and Exceptional MFA loans : **€7.2 bn in 2022**
- Concessional MFA+ loans: **€18 bn in 2023**
- Ukraine Facility loans: up to **€33 bn between 2024 – 2027**
- Exceptional Extraordinary Revenue Acceleration (ERA) – MFA support under the Ukraine Loan Cooperation Mechanism (ULCM) – as part of a wider G7 initiative: **€18.1 bn in 2025**
- Ukraine Support Loan: **€90 bn between 2026 – 2027**

For more info on past evolution of Ukraine financing visit a dedicated [webpage](#).

SAFE Instrument

Security Action for Europe (SAFE): a new defence loan instrument of up to **€150 bn** to be financed by EU borrowing to boost European defence capabilities.

Disbursements have **started in May 2026 with availability until 31 December 2030.**

Funds raised through the existing unified funding approach with the issuances of **EU-Bonds and EU-Bills.**

The **EU budget** to serve as the ultimate system of protection, **guaranteeing** the liabilities arising from the loan.

Allocations per Member State have been announced in September 2025 with **pre - financing disbursements starting in May 2026**, after the adoption of the respective Member States' loan agreements.

Funds to be raised through flexible use of short-term and long-term funding across the yield curve. More information on the new instrument can be found at the following [webpage](#).

How EU debt is guaranteed: a direct and unconditional obligation of the EU

The **European Commission** is empowered by the **EU Treaties** to borrow from international capital markets on behalf of the European Union.

All Commission borrowings are hence **direct and unconditional obligations of the EU**, and the EU is **legally bound** by the Treaty on the Functioning of the EU (Article 323) to service this debt.

The EU's debt service is further ensured through multiple layers of **debt-service protection**, including:

- › **Loan agreements:** EU loan beneficiaries have always serviced their debt; and
- › **The EU budget:** the ultimate guarantor for all EU debt

A summary of the **EU's budgetary safeguards** can be found [here](#).

High credit strength

The EU enjoys a **high credit rating** from all major ratings agencies:

AGENCY						
EU CREDIT RATING	AAA / F1+ Outlook stable	Aaa / (P)P-1 Outlook stable	AA+ /A-1+ Outlook stable	AAA / S-1+ Outlook stable	AAA* / R-1 (high) Outlook stable	AAA* / K1+ Outlook stable

The **latest reports** from EU's solicited credit rating agencies can be found [here](#).

Favourable regulatory treatment of EU-Bonds

EU-Bonds are:

- Considered **Level 1 HQLA** (High Quality Liquid Assets) for Liquidity Coverage Ratio calculation under the Basel framework, with 0% risk weight.
- Eligible as collateral for Eurosystem credit operations (**ECB eligible**).
- Re-assigned to **haircut category I**, the same as used for debt instruments issued by central governments, in the ECB's risk control framework for credit operations since 29 June 2023.
- Usable as collateral with several central counterparty clearing houses (**CCPs**) (Eurex, LCH, ICE).
- Available on multiple trading platforms for **cash and repo trading**.

EU funding approach





The unified funding approach: EU's single funding approach

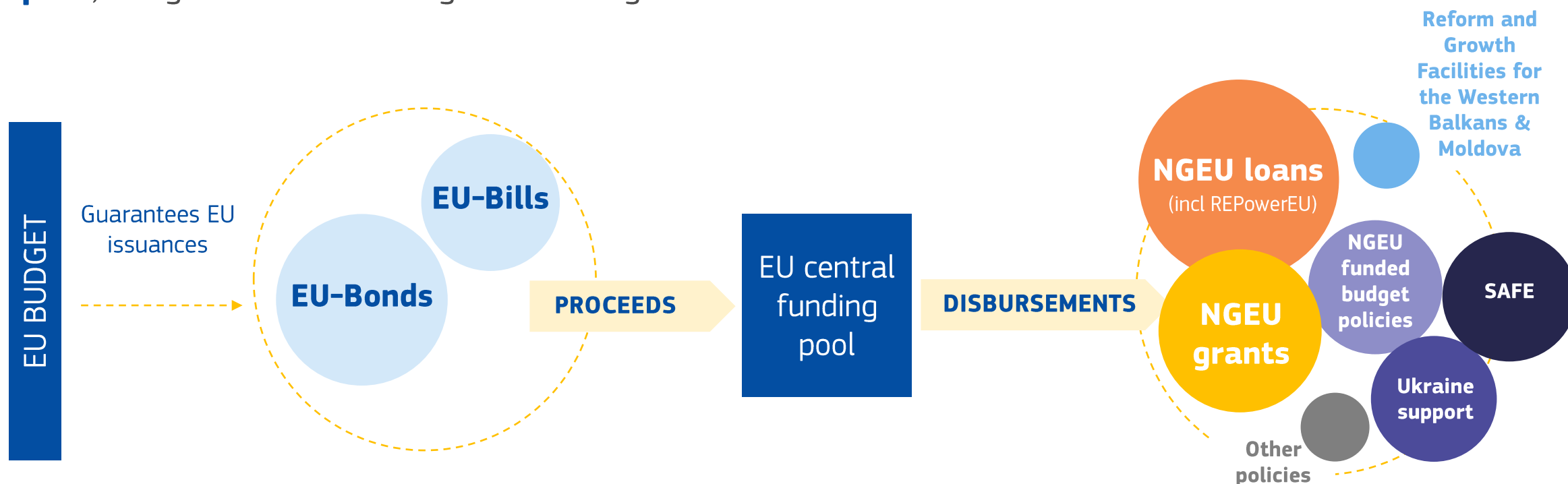
Since January 2023 EU issuances executed on behalf of the EU are **consolidated under a single EU-Bonds umbrella, irrespectively of the programme that is being financed.**

Unified funding approach of EU-Bonds:

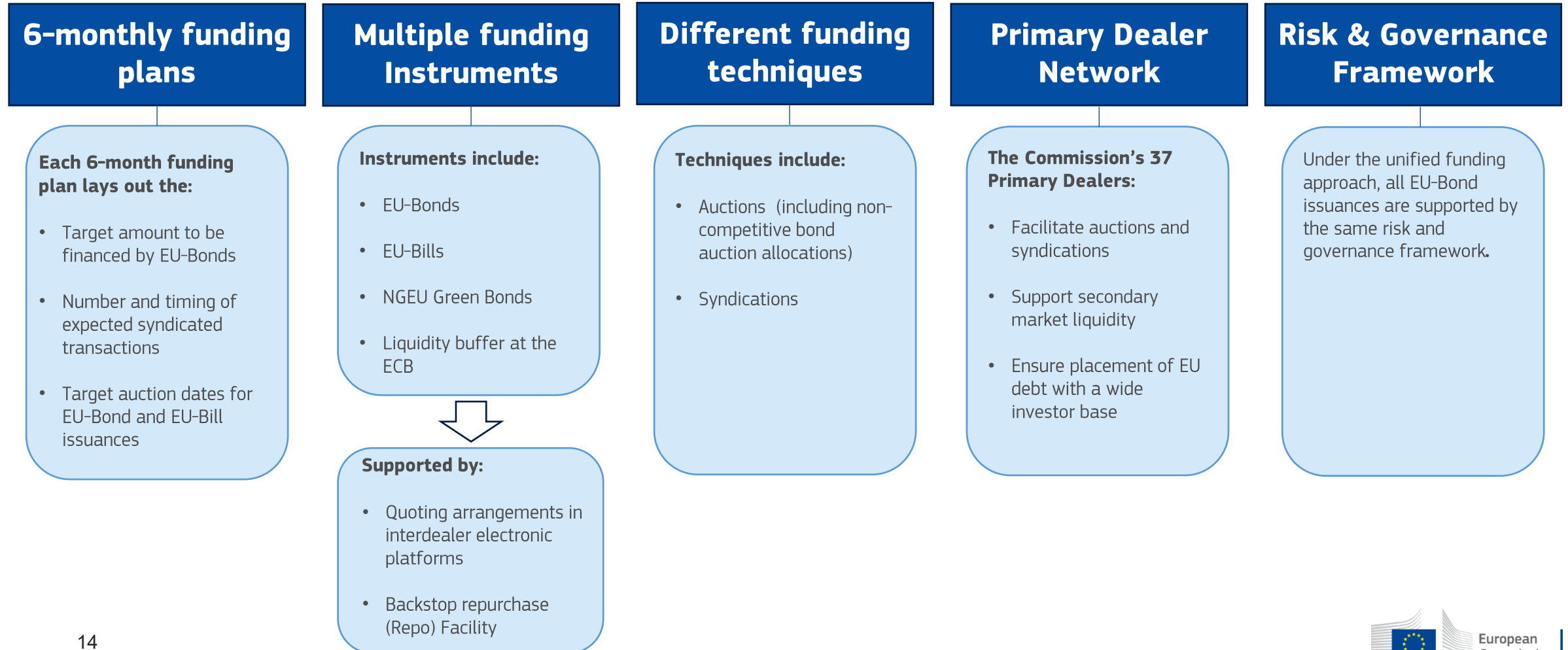
- Support the maintenance of a **liquid, homogeneous EU curve** by removing fragmentation created by programme specific labelled bonds.
- Allow for a unifying **risk, compliance and governance framework** underlying all EU borrowing operations.
- Bring all EU issuances under the scope of the Commission's 6-monthly funding plans.
- Extend the **flexibility** embedded in the diversified funding strategy established for NGEU to all EU issuances.
- Enable the EU to make payments to debtors and creditors using a **single liquidity pool.**

The single funding approach in a nutshell

Under the unified funding approach **all EU borrowing policies** are financed by a **central funding pool**, integrated with existing outstanding debt:



Characteristics of the unified funding approach



EU funding pillar (1) – EU-Bonds

Long-term borrowing: EU-Bonds

- Regular issuance of **liquid benchmark bonds from 3 to 30 years**.
- **Conventional and green bonds** via new issues or taps.
- Expected total volume and issuance weeks are announced in 6-monthly funding plans. For more info visit [Auctions calendar](#).
- **Bond issuances via syndicated transactions and auctions**, on basis of pre-announced [Issuance windows](#).
- **Single- or multi- bond auctions**, including 3-leg auctions as of Q2 2025. Introduction of **non-competitive auction allocations in September 2025**, allowing for the allocation of additional amounts of auctioned bonds in the immediate aftermath of an auction.
- Any changes related to information in the funding plan are communicated to the market in a timely manner.

EU funding pillar (2) – EU-Bills

Short-term borrowing: EU-Bills

- Cost efficient way to fund the cash holdings needed **to manage liquidity risk** and **temporarily fund disbursements**.
- **Access to the deep and liquid money market** enabling the EU to **widen its investor base by attracting new investors or additional portfolios of existing investors**.
- As a general rule, two EU-Bills auctions per month, in 3-, 6- and 12-month maturities. For more info visit [Auctions calendar](#).
- Auction dates announced in the **6-monthly funding plans**, with details of each EU-Bills auction released on the Friday preceding the auction in question.

Primary Dealer Network

A strong and geographically diverse group of **36 Primary Dealers** supporting EU-Bonds and EU-Bills in primary and secondary markets.

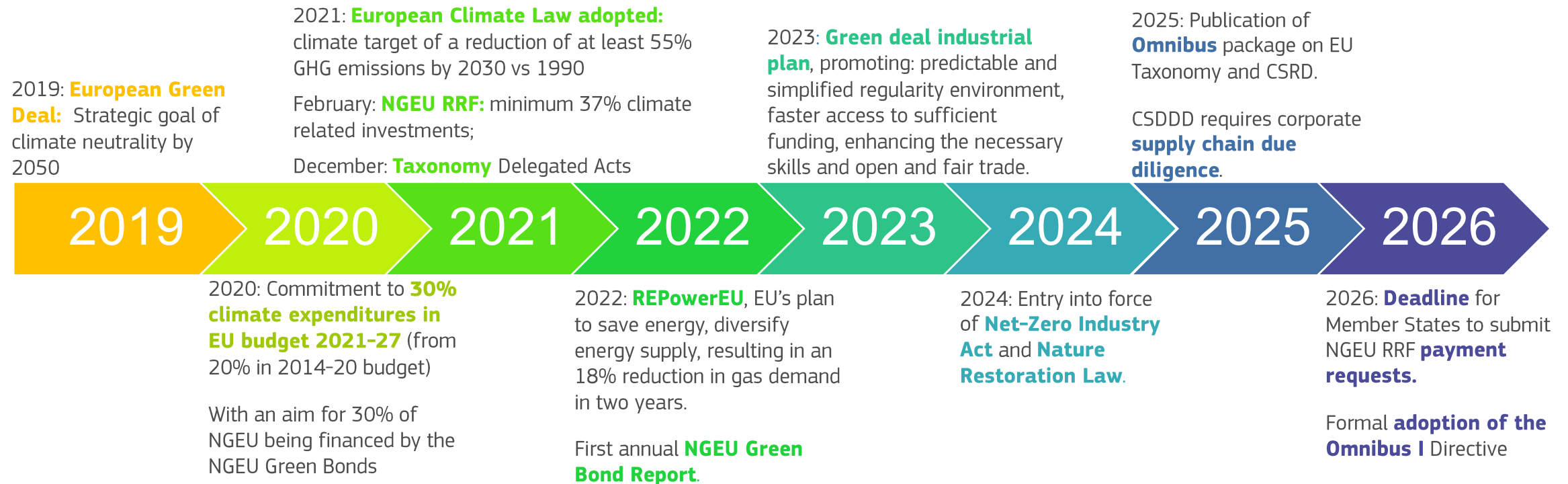
23 of the EU Primary Dealers are actively engaged in quoting EU securities in recognised interdealer platforms – more info on quoting arrangements on our [website](#).



NextGenerationEU: Green Bonds



NextGenerationEU: a key part of EU's green transformation



NextGenerationEU: Green Bonds

Aim for up to **30% of NextGenerationEU (NGEU)** funding to be raised in the form of **green bonds**

NGEU Green Bonds **issuances are calibrated to the timing of Member States' reporting** of eligible expenditure.

NGEU Green Bonds eligible expenditure: Only green investments and reforms aligned with the NGEU Green Bond Framework under Member States' National Recovery Plans and made after February 2020 – when COVID-19 started (no financing of recurring expenditure).

For expenditure that is confirmed **after 2026, the Commission may issue NGEU Green Bonds to replace maturing conventional bonds** during the NGEU refinancing phase.

Why NGEU Green Bonds matter:

- Part of the Commission's **commitment to sustainable finance**
- Creation of a new, highly rated, liquid, **green asset**
- Access to a **wider range of investors for the European Commission**
- New **portfolio diversification opportunities** for green investments
- Boost of the **green bond market** and strengthen of the role of the Euro in the sustainable finance markets

The NGEU Green Bond Framework (1)

All NGEU Green Bond issuances are undertaken under the **NGEU Green Bond framework**.

The framework has been assessed by a second party opinion provider (Vigeo Eiris – now part of Moody's ESG Solutions) confirming that:

- The NGEU Green Bond framework **is aligned with the ICMA Green Bond principles** and coherent with the Commission's overall ESG strategy;
- NGEU Green Bonds provide a **robust contribution to sustainability**; and
- The Commission provides an **advanced level of ESG risk management**.

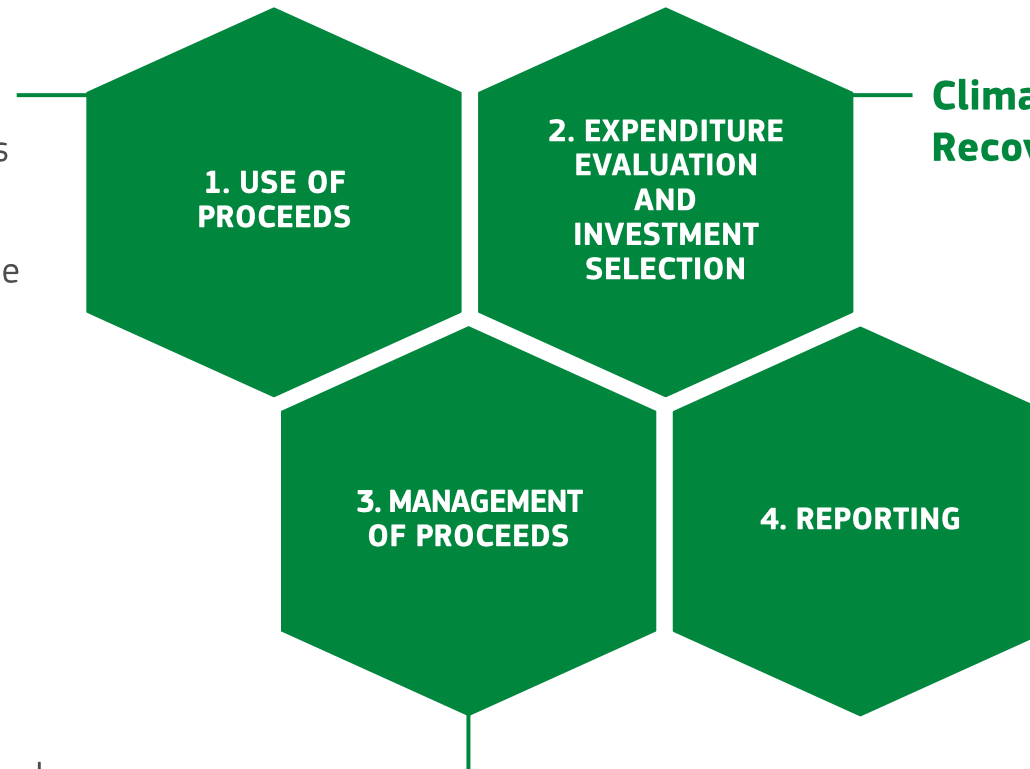
On the basis of the framework, NGEU Green Bonds are included in **the MSCI Global Green Bond Index**.

The NGEU Green Bond Framework predates the EU Green Bond Standard. The **Commission reports on the EU Taxonomy alignment** of the expenditure financed by NGEU Green Bond proceeds in its annual Allocation and Impact report on voluntary basis as guidance for investors.

The NGEU Green Bond Framework (2)

Nine eligible expenditure categories:

-  Research and innovation activities supporting the green transition
-  Digital technologies supporting the green transition
-  Energy efficiency
-  Clean energy & network
-  Climate change adaptation
-  Water & Waste management
-  Clean transport & Infrastructure
-  Nature protection, rehabilitation and biodiversity
- Other.



Climate investments in the Recovery and Resilience Facility

Allocation reporting

- Showing how funds have been spent
- Showing EU Taxonomy alignment
- Subject to independent external limited assurance audit

Impact reporting

- Showing what funds have achieved
- Subject to external expert advice
- Subject to independent external limited assurance audit

Tracking the funds spent on green projects

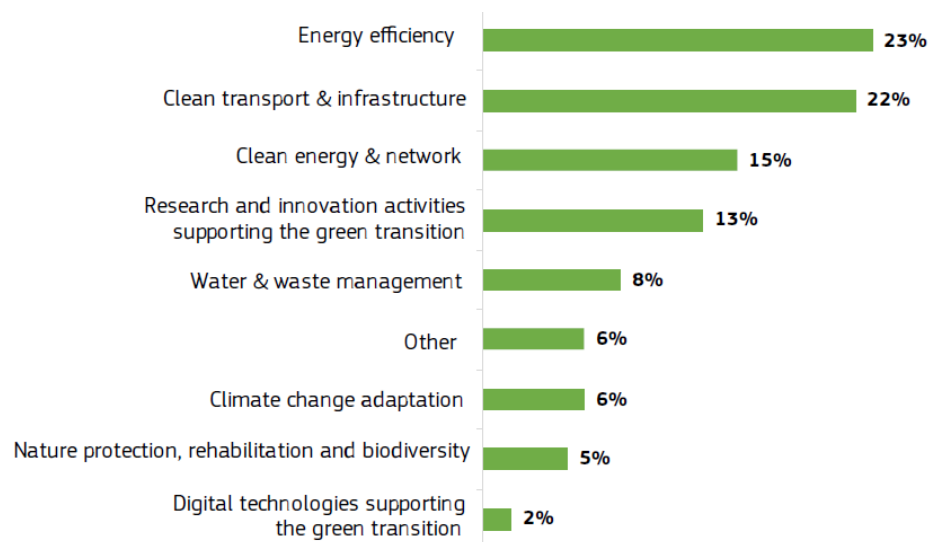
- Real-time green bond “dashboard” launched in March 2022 (Link [here](#))

NGEU Green Bonds Allocation and Impact Report

The Commission publishes annual reports on the **allocation** of NGEU Green Bond proceeds and the **impacts** of investments financed by NGEU.

The 2025 edition of the report was published on 9 December 2025 and can be found: [here](#)

Fulfilled milestones and targets per expenditure category (as of 1 August 2025)



Realised GHG emissions avoided following full implementation by Expenditure Category*

Expenditure Category	GHG Emissions avoided (in tCO2e/year) – realised impact
Research and innovation activities supporting the green transition	-
Energy efficiency	1,588,266
Clean energy & network	2,423,318
Water & waste management	113
Nature protection, rehabilitation and biodiversity	-
Clean transport & infrastructure	9,995,599
Other	-
Grand Total	14,007,296

Source: European Commission

23 **Disclaimer on Realised Impacts:* As of 1 August 2025, the estimated Emissions avoided if all eligible projects are implemented represent 53.4 tonnes of CO2 equivalents per year. The realised impacts of 14.0 tCO2e/year represent 26.2% out of 53.4 tCO2e/year total potential estimated. (Compared to 2.7% in 2024)

NGEU Green Bond Dashboard

Launched in March 2022, the [Green Bond Dashboard](#) allows tracking of planned expenditure eligible to be financed by NGEU Green Bonds

NextGenerationEU amount eligible for financing through Green Bonds 222 581 Expenditure in Member States' Recovery and Resilience Plans that is eligible for being included in the pool of NextGenerationEU Green Bonds financing.	NextGenerationEU Green Bonds issued to date 84 258 Funds raised from capital markets via NextGenerationEU Green Bonds. For an overview of the NextGenerationEU transactions data to date click here.
NextGenerationEU expected eligible expenditure 150 830 Expected expenditure, based on actual payments to Member States and the share of Green Bond eligible expenditure in their respective RRP.	NextGenerationEU Green Bonds expenditure 87 909 Reported eligible expenditures by Member States to which Green Bond proceeds have been allocated to date.

EU Issuances: State of play

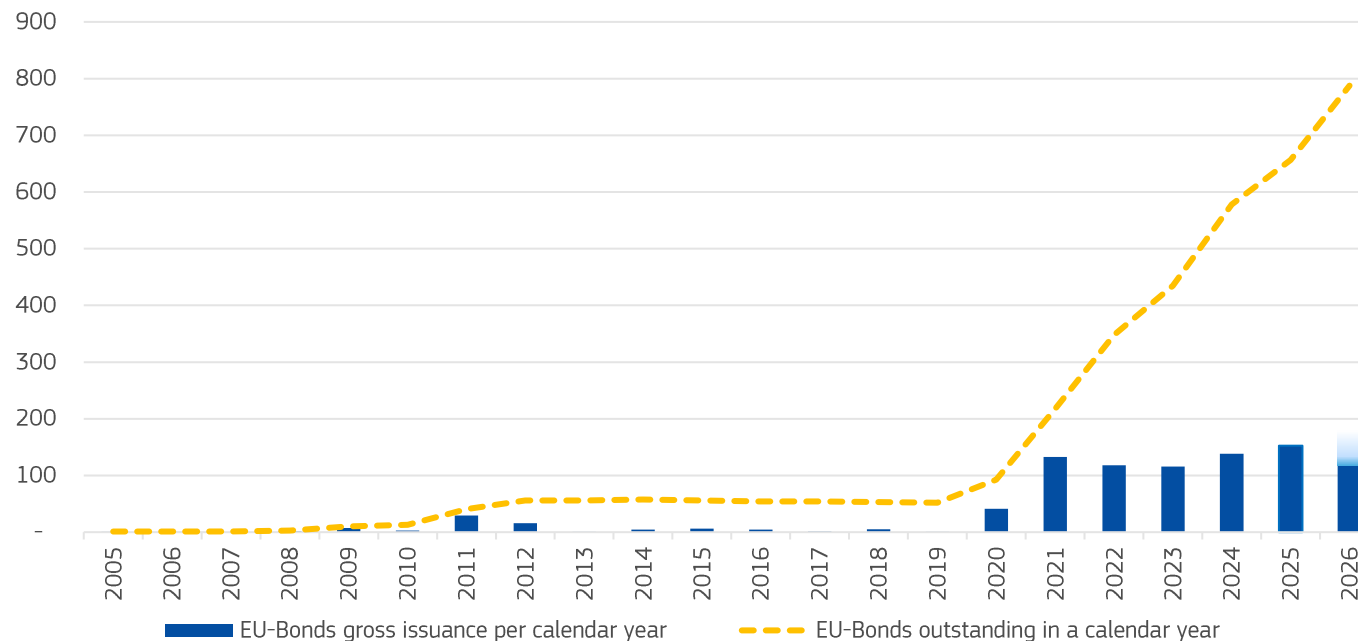


Increasing amounts of EU-Bonds outstanding

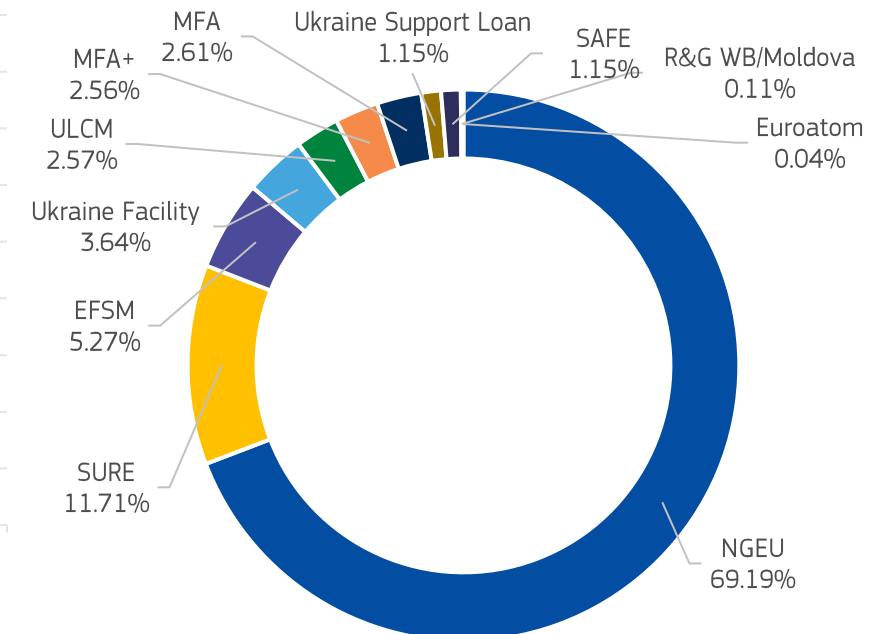
EU-Bonds outstanding amount is around **€792 bn**, of which around **€84 bn** is in the form of the **NGEU Green Bonds**.

Majority of the EU-Bond proceeds have been disbursed to the NGEU programme: approximately **€487 bn** outstanding.

Evolution of EU-Bonds outstanding [€ bn]



Use of proceeds from EU-Bonds outstanding*

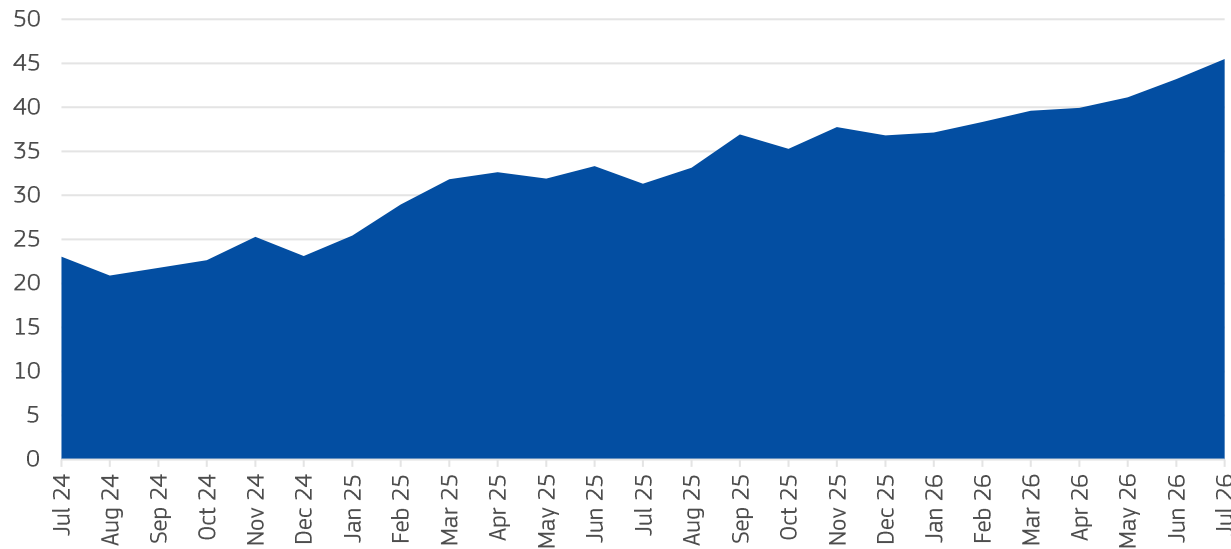


EU-Bill issuance

Two EU-Bill auctions per month using 3m, 6m and 12m tenors with a gradual increasing outstanding amount over the years.

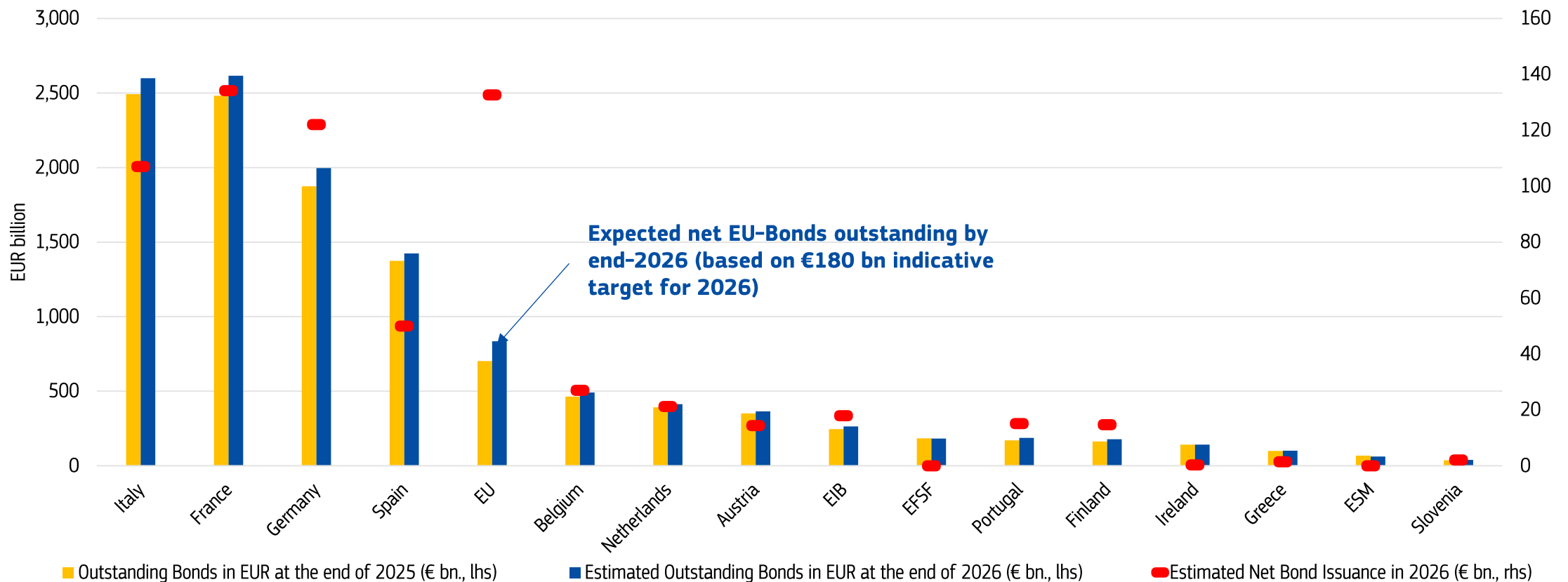
Reinforced use of the **EU-Bills** leading to an **outstanding amount** of EU-Bills close to **€45 bn** at the end of the current month.

Evolution of EU-Bills outstanding [€ bn]



EU issuance volumes comparable to those of the largest EGBs

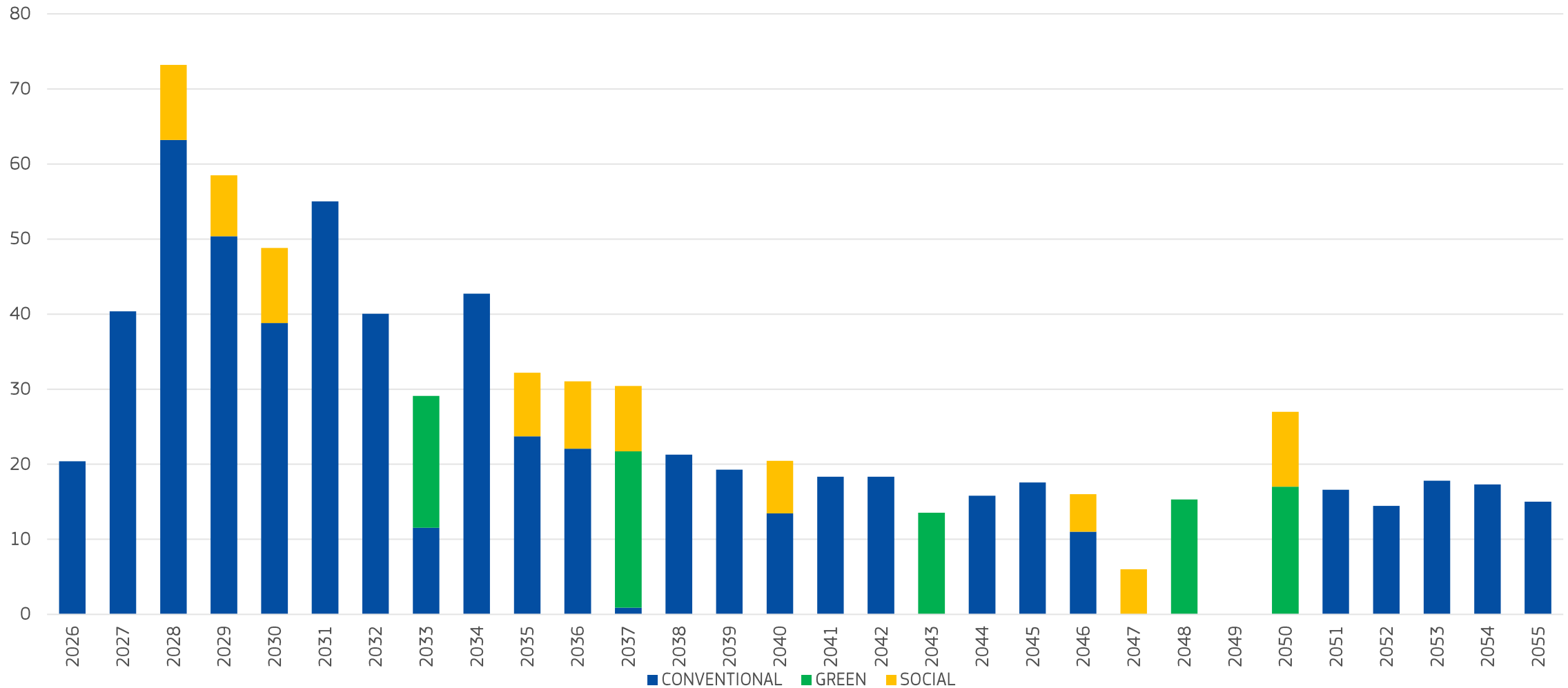
The EU is **one of top 5 issuers** of Euro-denominated securities and the **3rd largest global public sector issuer of AAA** rated debt.



28 Source: European Commission and a third party provider

Disclaimer: 1. Estimated net bond issuances represent gross issuance amount minus redemptions; 2. ESM and EFSF Estimated net bond issuance in 2026 is projected to be negative, but for simplicity of presentation, values on the graph are set to zero

A liquid curve of EU-Bonds benchmark [€ bn]

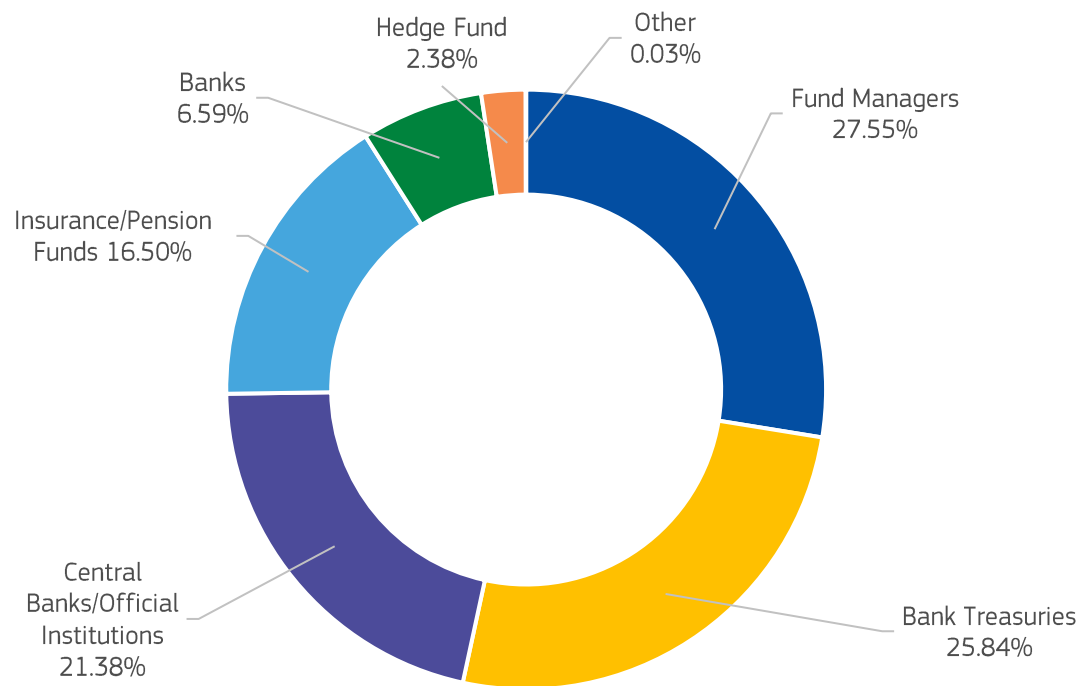


Evolving investor base supporting EU primary issuances

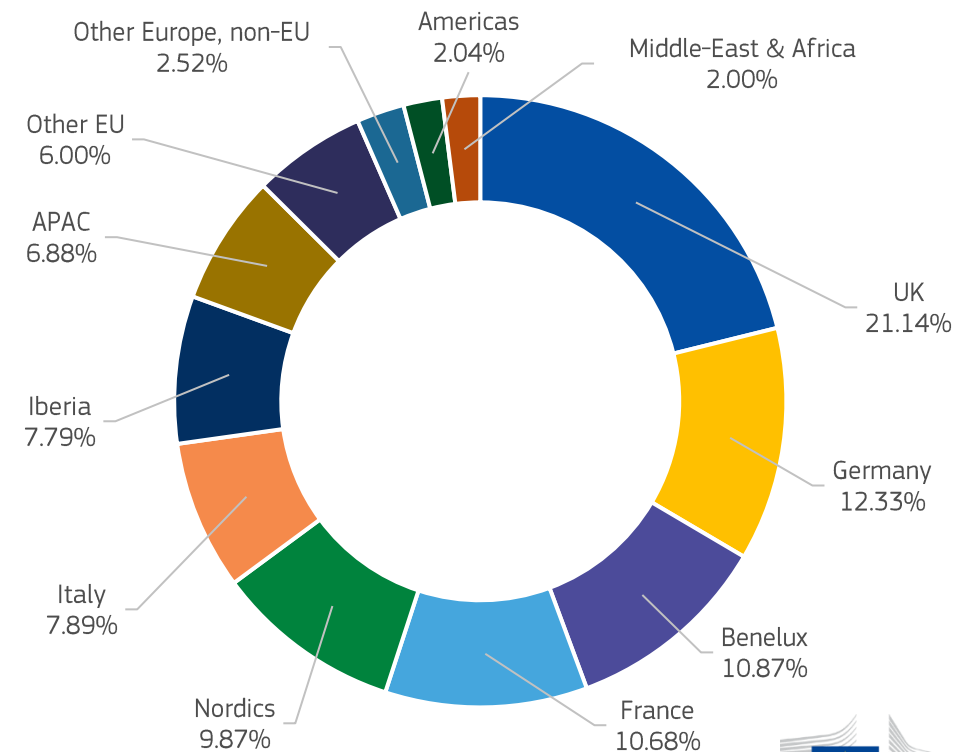
Over **2,000 investors** from more than **70 countries**.

NGEU Green Bonds: around **1,000 investors** from more than **50 countries**.

Investor distribution in EU syndicated transactions by investor type



Investor distribution in EU syndicated transactions by country / region

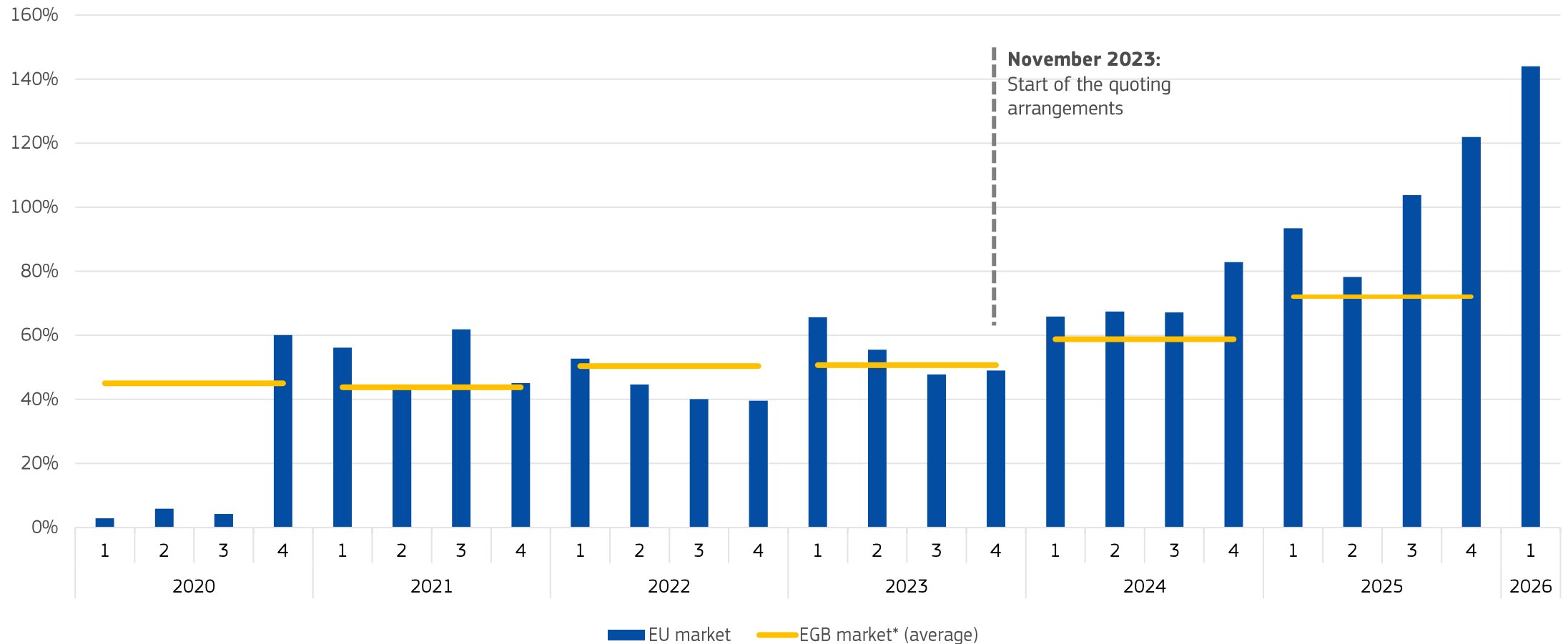


EU Issuances: Market performance

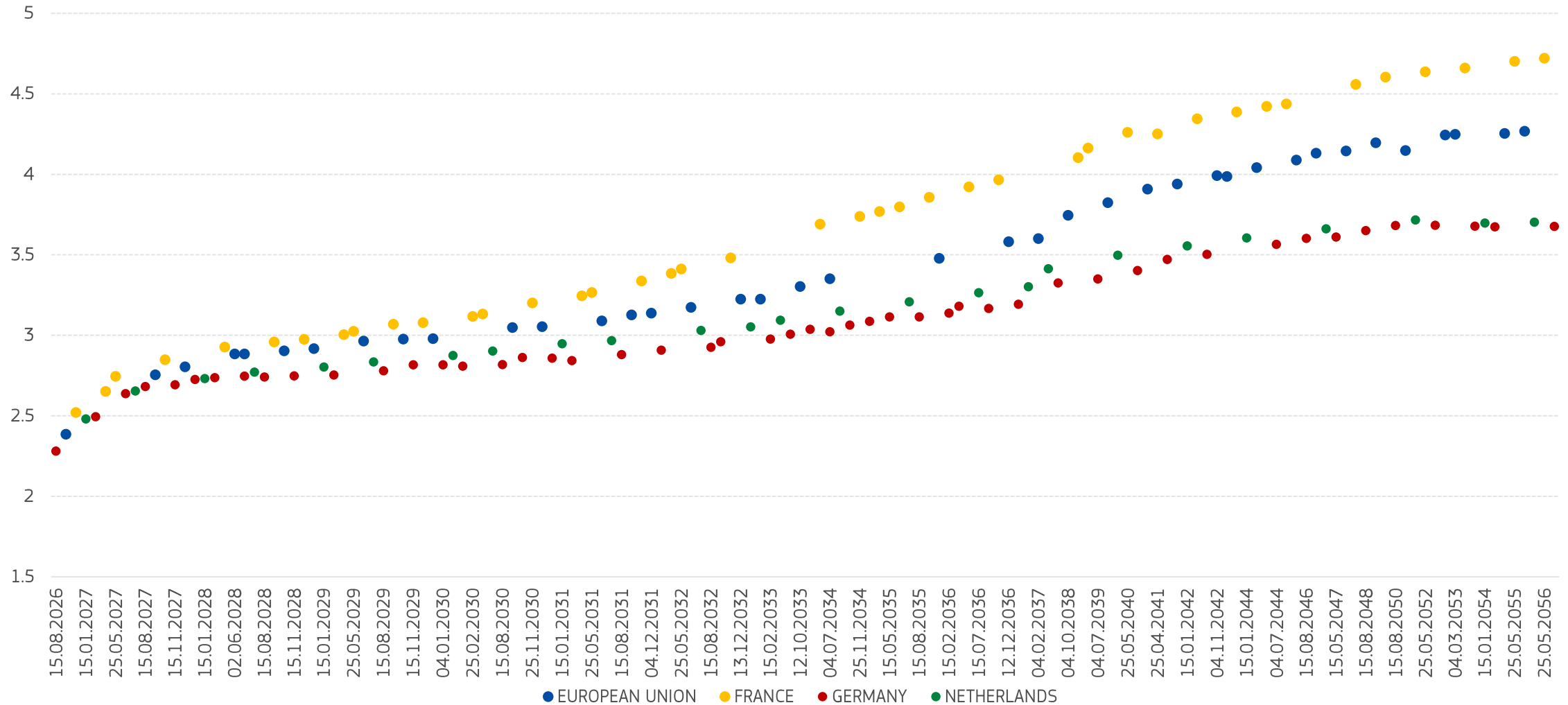


EU-Bonds' liquidity similar to European sovereigns

Quarterly secondary market turnover of EU and European Government Bonds (EGB)
(% of outstanding volume)



EU-Bonds are offering attractive relative returns



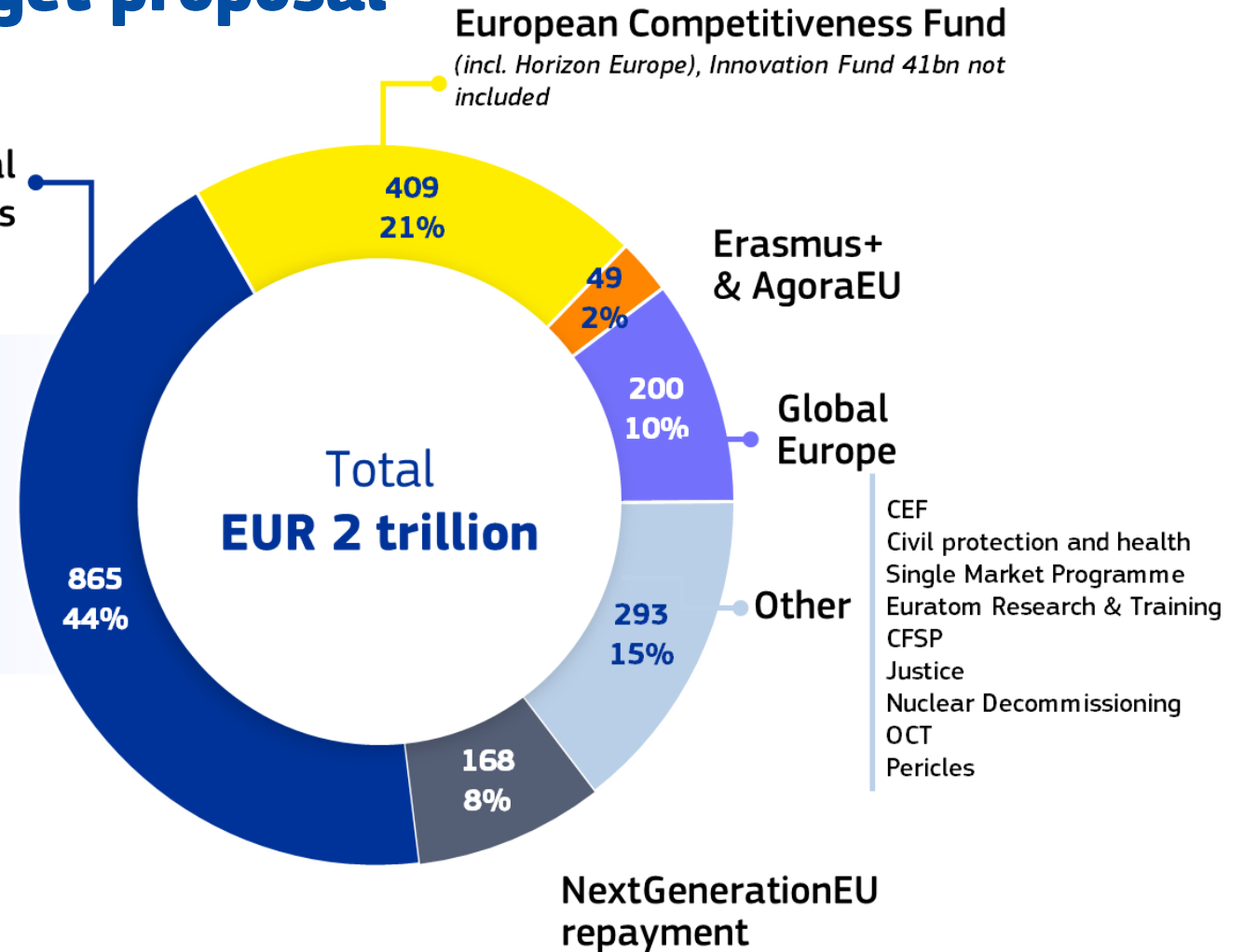
EU funding under the next MFF (2028 – 2034)



An ambitious 7-year budget proposal

- From 52 to **16 programmes**
- **Simpler** for beneficiaries
- **Results** oriented
- More **agile**

National and Regional
Partnership Plans



Continued Capital Market presence of the EU in 2028 – 2034

Mandates under the proposed MFF (currently negotiated with Member States and the Parliament)

Existing mandates in current MFF

Existing mandates for which issuance will continue in the next MFF

For EU Member States:

Up to €150 bn → policy loans under **Catalyst Europe** within the national and regional partnership plans

Up to 0.25% EU GNI financial backing for loans up to **€400 bn** in a new **Crisis Mechanism** in the MFF – for large-scale crises

For partner countries:

€100 bn Ukraine reserve → loans and grants to Ukraine. The size of the loans to be decided based on needs during the MFF

Global Europe, with a total envelope **€200 bn incl. €95bn** for guarantees and loans → continues to provide policy loans and macro-financial assistance (amounts to be decided during implementation)

€90 bn Ukraine Support loan for the 2026 – 2027 period

€150 bn SAFE defence-related loans to Member States, based on current expectations – **€30 bn/year** over 2026 – 2030

€40-50 bn/year for **rollover operations** of outstanding debt

Financial sustainability

Repayment of NGEU liabilities: €168 bn over 2028-34 (**€24 bn per year** for principal and interest) allows a steady/predictable reduction in repayment of NGEU interest and principal.

Reinforcement of ceilings:

- **Increase of the permanent Own Resources ceiling: from 1.40% to 1.75% EU GNI**
- **Additional 0.25% EU GNI** as temporary headroom reserved for **Crisis Response Mechanism**
- **0.6% EU GNI** temporary headroom dedicated to the **NGEU remains**

Provisioning of loans to third countries under Global Europe (excluding Ukraine financing, which has a separate unique provisioning)



EU Issuances: Funding needs and planning

Funding needs remain high in the coming years

Borrowing needs driven by:

(i) **Ongoing programmes**, including:

- **NGEU**: €637 bn borrowing envelope until 2026 (around 24% still to be disbursed);
- **Ukraine Facility**: €33 bn between 2024 to 2027;
- **Reform and Growth Facilities**: Western Balkans €6 bn (€4 bn loans) and Moldova €1.9 bn (€1.5 bn loans);
- **Macro Financial Assistance programmes**: Such as support to Egypt & Jordan.

(ii) **New ongoing programmes** of 2026:

- **SAFE** until 2030 for up to €150 bn;
- **Ukraine Support Loan**: €90 bn in 2026 – 2027.

(ii) **Roll-over of maturing issuances** (a minimum of €210 bn from 2026-2030 for Bonds, to be complemented by short-term funding).

→ **c. €700 bn of funding needs between 2026 - 2030 based on existing programmes.** On that basis around €180 bn of EU-Bond issuances indicatively expected in 2026

EU Funding Plan H2 2026: Key elements

€80 bn of EU-Bonds, out of the €180 bn target for 2026.

- €117.0 bn EU-Bonds issued in this calendar year.

Regular issuance **from 3 to 30 years, with taps and new lines.**

- Maturities for new lines will take into account market conditions and parts of EU curve in need of new lines, with **possible focus on 3y, 5y, 15y and 30y for new conventional benchmark bonds.**

EU Bond issuances to be complemented by **continued increase of the EU-Bills programme.**

- This increase will be spread over the 3m, 6m and 12m maturities.

Additional short-term funding may be used as and when needed to smooth the EU-Bond issuance volume over 2026/2027.

Share of **auctions to increase slightly in 2026 compared to 2025.**

- 3 legs bond auction and non-competitive offers.

NGEU Green Bonds to continue to increase in line with Member States' reported eligible Green Bond expenditures.

- Preference for **tapping of existing lines to improve liquidity before launching a new one.**

- Possibility to issue a new Green Bond in **2027** if supported by sufficient reported green expenditures.^{an ssion}

The background of the slide is a blue field with a yellow arc in the top-left corner and a series of yellow stars arranged in a curve on the right side, mimicking the design of the European Union flag.

**In Summary:
EU-Bond's market increasingly
comparable to larger, liquid EGBs**

EU as an issuer: Institutional structure unlike a typical supranational

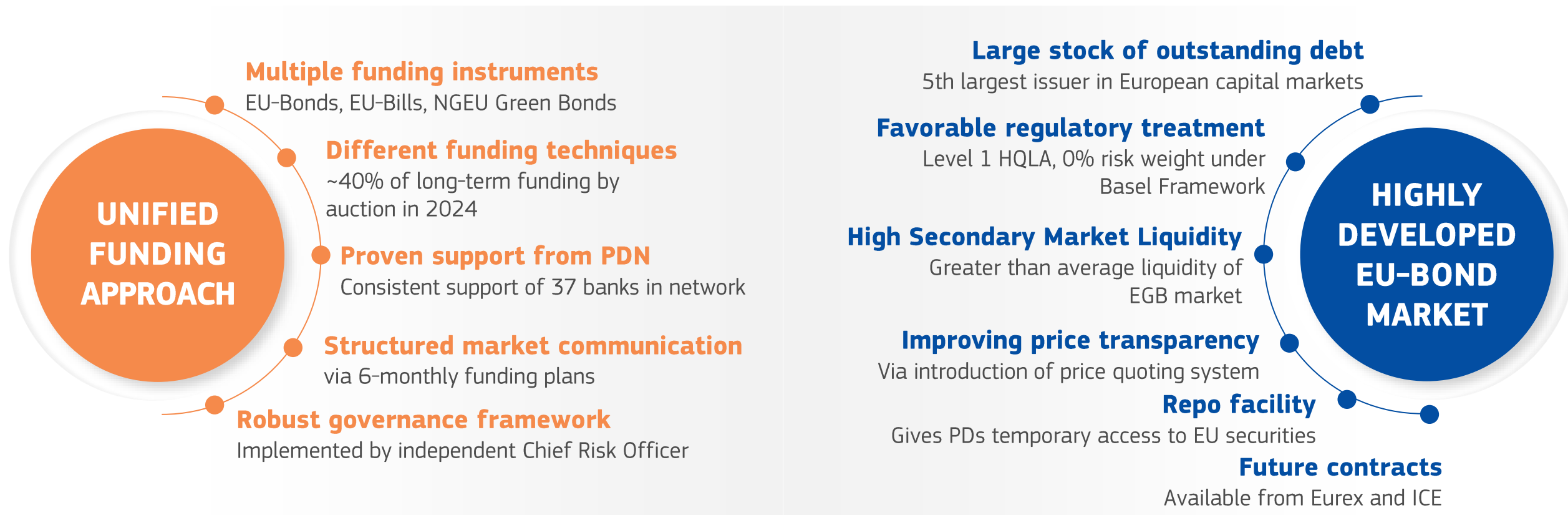
The EU is a **unique economic and political union** of 27 Member States, each of whom have transferred part of their sovereignty to the Union under the EU treaties.

Further unlike a typical supranational, the EU:

- Has a **budget-based financial structure**, which relies on Member State commitments (like sovereign budgets rely on taxpayers) rather than paid-in/callable capital structure.
- Has a **'sui generis' legal structure** which is more comparable to a sovereign than a supranational.
- Has the power to **legislate, implement** and **enforce laws** in certain areas defined under the EU treaties, with an institutional framework that includes the European Parliament – a directly elected EU body.
- The EU has a **common currency** for the eurozone and an **independent central bank** (ECB) responsible for monetary policy.
- Gives **EU citizenship** to all citizens of the 27 Member States under Article 20 of the Treaty on the Functioning of the EU.

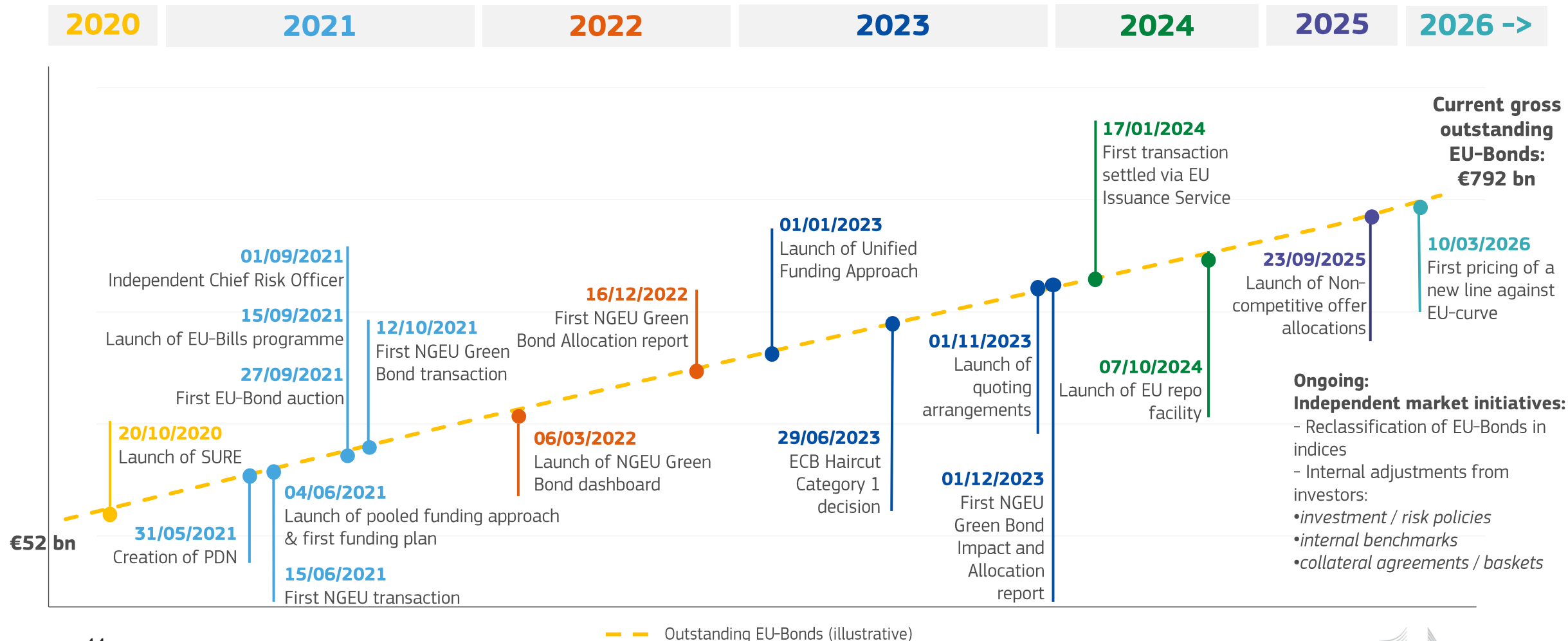
EU-Bonds increasingly in EGB market segment

EU-Bond market increasingly like market of large, liquid EGBs



EU-Bonds increasingly in EGB market segment

Key milestones in EU's development as an Issuer



Primary Dealers' feedback confirms the development of the EU-Bond market ecosystem

2025 EU Primary Dealers Survey highlight:

- **Increased liquidity of EU-Bonds and Bills:** 91% of EU Primary Dealers assess positively the liquidity of the EU-Bond market (vs. 59% in 2022), with quoting arrangements and high primary market supply as the most important liquidity enhancers.
- **Increased use of EU-Bonds and Bills in balance sheet allocations and use of EU-Bonds as collateral in repo transactions,** reflecting a higher availability for screen prices for EU-Bonds.
- **Significant increase of ticket sizes in the last three years** (34% increase per year on average).

Results build on the **positive feedback from the 2023 EU Investor Survey** and reflect the positive impact of key milestones aimed at enhancing the EU-Bond ecosystem.

Independent market initiatives: Futures contracts on EU-Bonds

ICE EU Bond Index Futures

Exchange ticker: EUI; Bloomberg ticker: IEBA Index

- **Start of trading:** 9 December 2024
- **Exchange:** ICE (Intercontinental Exchange)
- **Type:** Cash settled futures
- **Underlying:** ICE 8-13 Year European Union Index (GOEU8T13 Index), which includes:
 - Bonds issued by the European Union starting from June 2021
 - Minimum amount outstanding of €5 bn
 - Remaining maturity: ≥8 years and <13 years
- **Contract months:** The two nearest quarterly expiry months of March, June, September, and December

EUREX EU Bond Futures

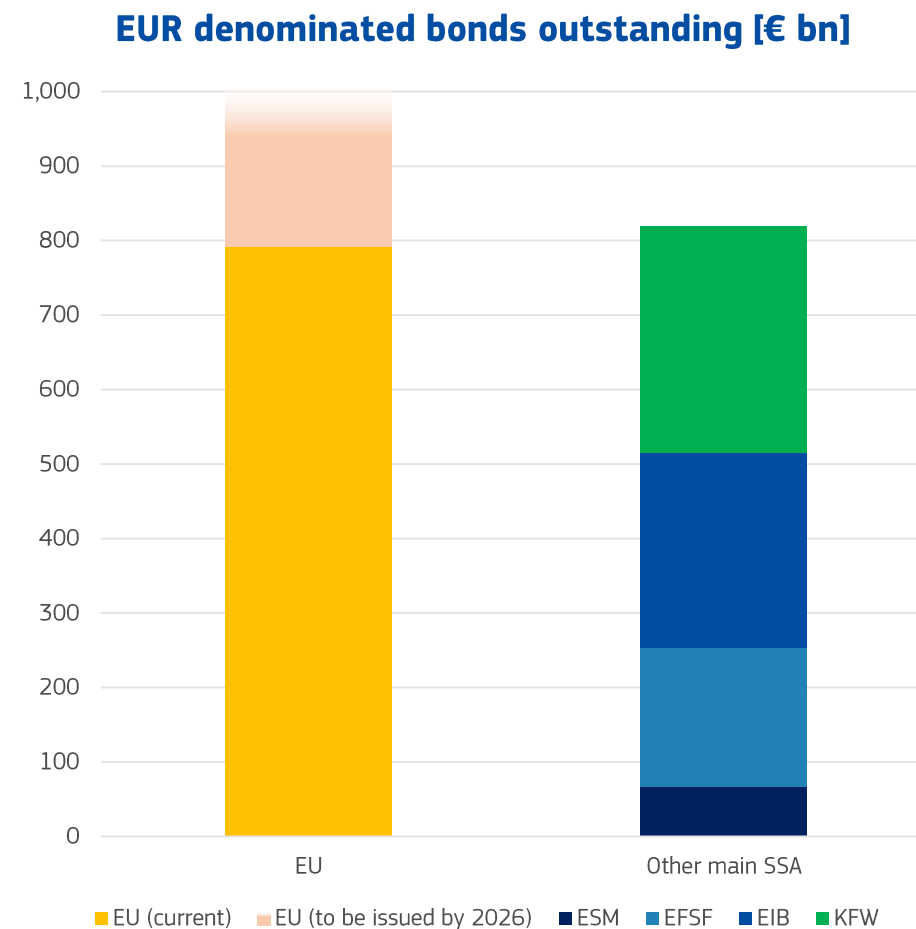
Exchange ticker: FBEU; Bloomberg ticker: BFEA Comdty

- **Start of trading:** 10 September 2025
- **Exchange:** EUREX (Deutsche Börse Group)
- **Type:** Physically deliverable futures
- **Underlying:**
 - Bonds issued by the European Union starting from June 2021
 - Minimum amount outstanding of €10 bn
 - Initial maturity no longer than 21 years and a nominal fixed payment
 - “NGEU Green Bonds” are NOT deliverable
 - **Maturity range for deliverables:** 8 to 12 years on the delivery day
- **Coupon Rate:** 6% (same as other EUREX fixed income futures)
- **Contract months:** The three nearest quarterly months of the March, June, September and December

Ongoing reflections on EU-Bonds' index classifications

Ongoing reflections by independent market participants on **EU-Bonds' most appropriate classification in indices** given impact on euro public debt markets:

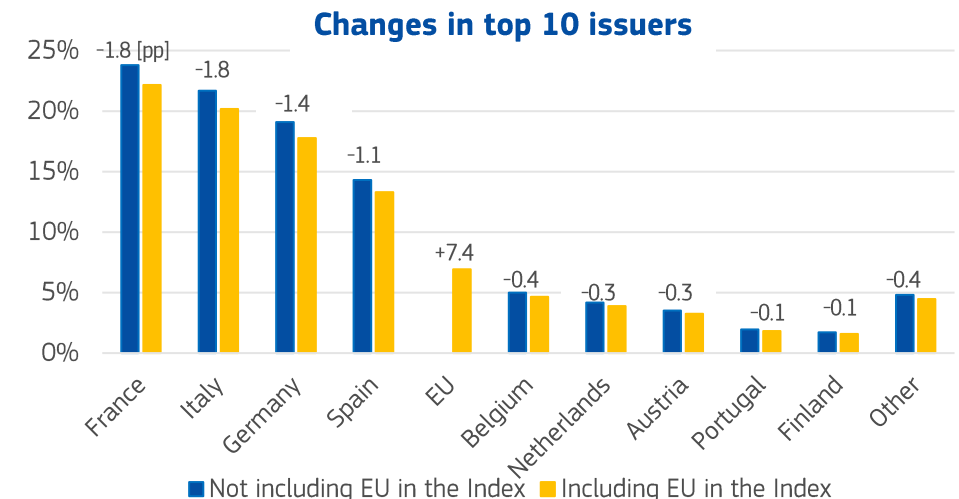
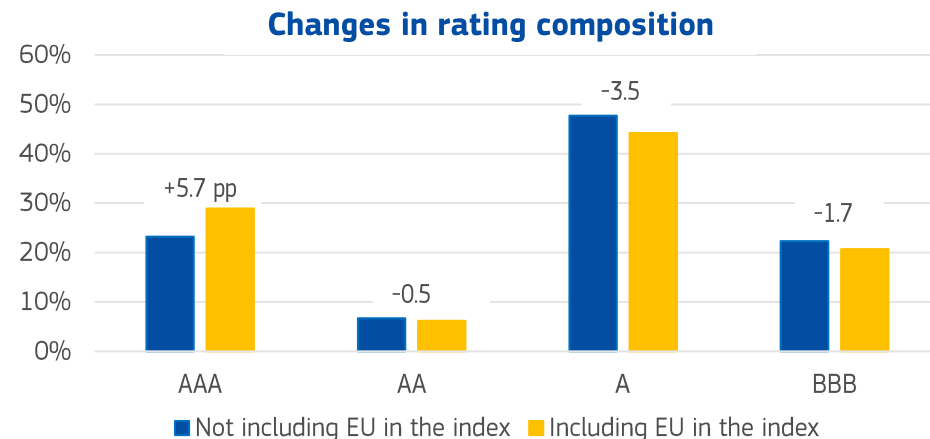
- **EU-Bonds are expected to reach €1 trillion by the end of 2026**, making up almost **40%** of the outstanding AAA rated government debt.
- Quantity of EU-Bonds outstanding will be larger than the cumulative quantity of the main Supranational, Sub-sovereign and Agency (SSA) issuers in euro.
- If the status quo treatment of EU-Bonds holds, SSA indices risk becoming **imbalanced**, with EU weight estimated to reach **60% - 70%**.



Inclusion of EU in Sovereign indices: what's in for investors?

The EU-Bonds' rating is higher than the Euro Sovereign Indices' average → **The inclusion of EU-Bonds in Sovereign Indices can improve indices average rating, without compromising returns.**

- In 2024, ICE created the ICE European Union Index (EG00EU) by adding EU-Bonds to the ICE Euro Government Index (EG00). **EU-Bonds weight around 7.4%** when included in the Euro Government Index, being the 5th top holding issuer.
- Comparing both indices (as of 30/04/2026) shows:
 - The **rating improves by 1 notch**, from A1 to AA3;
 - The share of AAA issuers increases from 23.24% to 28.94%;
 - Historical **return remains largely unchanged**;
 - The effective yield of the index stays around the same (3.23% both indices), as well as the effective duration (not including EU: 7.01y, including EU: 7.11y)



Awards to EU borrowing and lending activities



IFR/ Refinitiv

- SSAR Issuer of the Year 2020 & 2021
- Euro Bond of the Year 2021 for NGEU's 1st Bond
- SSAR Bond of the Year 2021 for NGEU's 1st Bond
- Sustainable Bond of the Year 2021 for NGEU's 1st Green Bond



Risk.net

- SSAR Risk Manager of the Year 2021



Global Capital

- Supranational Euro Bond of the Year 2020 for SURE's 1st issuance
- Most Impressive SSA Issuer of the year in Euros for 2021, 2023, 2024, 2025 and 2026
- Most impressive supranational funding team 2023



**NEXT
GEN
EU**



For more information:



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