

PRESS RELEASE

26th June, 2019

European Union EUR 250 million bond issue due December 4th, 2035



The European Union ("EU"), rated AAA/AAA/Aaa/AA/AAA by DBRS, Fitch, Moody's, S&P and SCOPE (all rating outlooks stable), today issued a EUR 250 million December 2035 bond. This was the EU's first transaction of the year, which served to finance disbursements under the Macro-Financial Assistance to Tunisia (EUR 150 million) and Jordan (EUR 100 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 6 basis points through mid-swaps, which is equivalent to +56.7 basis points over the interpolated German (Bund) curve and a pick-up of 4.5 basis points over the interpolated French (OAT) curve.

The Joint bookrunners were Bank of America Merrill Lynch, DZ BANK and HSBC.

Execution highlights

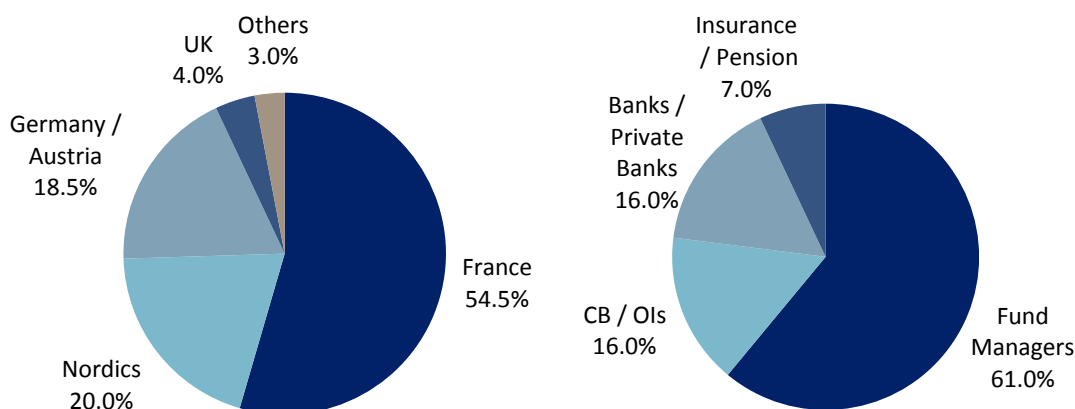
- The EU sent an RfP to banks on the 18th of June 2019 and informed the market of its intention to be in the market with an up to EUR 250 million issue.
- The formal mandate for a new December 2035 issue was announced on Tuesday 25 June at 15:55 CET.
- Books were opened on Wednesday 26 June 2019 in the morning at 08:50 CET with spread guidance of mid-swaps-3bps area. With a fair value agreed among the joint lead managers and the issuer at mid-swaps-8bps, this was equivalent to a new issue premium of 5 basis points.
- After one hour, the book was communicated to the market to be above EUR 550 million (excluding JLM) and the spread guidance revised to mid-swaps-4bps area.
- At 10:35 CET, a second update followed with books above EUR 850 million (excluding JLM) and the spread set at mid-swaps-6bps, a further 2bps tightening being justified by the significant growth of the book, the high quality of orders and the limited issuance size.
- With a final order book of EUR 889 million (>3.5x subscribed), the transaction shows the depth of liquidity available to the EU.
- In addition to the outright size of the book, the granularity of the distribution was also notable with over 32 investors participating from 12 different jurisdictions.
- The transaction received a strong support from accounts from France 54.5%, given the pick-up to France on offer. In terms of investor type, Fund Managers took the bulk of the demand at 61%.

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.
- For the remainder of the year, the EU expects limited further funding needs.

Summary of the distribution



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	: 26 th June 2019
Settlement date	: 3 rd July 2019 (T+5)
Maturity date	: 4 th December 2035
Size of bond	: EUR 250,000,000
Coupon	: 0.5%; annual ACT/ACT
Re-offer spread	: MS -6 bps (Germany +62.2 bps)
Re-offer price	: 99.875%
Re-offer yield	: 0.508%
ISIN	: EU000A2R4FY3
Listing	: Luxembourg Stock exchange
Denominations	: EUR 1,000.00
Bookrunners	: Bank of America Merrill Lynch, DZ BANK, HSBC (B&D)

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