

## PRESS RELEASE

20<sup>th</sup> April, 2021

European Union EUR 4.75 billion bond issue due 22<sup>nd</sup> April, 2036



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 4.75 billion benchmark bond due in April 2036. The proceeds of this funding operation will be used to refinance the EU bond due 4<sup>th</sup> June 2021, which funded two EFSM loans to Portugal and Ireland.

The 15-year benchmark deal was well received in the capital markets, having amassed over EUR 41.5 billion of demand, the largest book size to-date for an EFSM-related transaction executed by the EU. The deal's success is testament to the wide-spread support from the international investor community for the EU's mission and funding programme.

The 15-year bond was priced at minus 7 basis points versus mid-swaps, which is equivalent to 24.8 basis points over the 0% Bund due May 2036 and 6.6 basis points inside the 1.25% OAT due May 2036. The final new issue premium has been estimated at 2 basis points.

The Joint Lead Managers were Crédit Agricole CIB, DekaBank, J.P. Morgan and UniCredit.

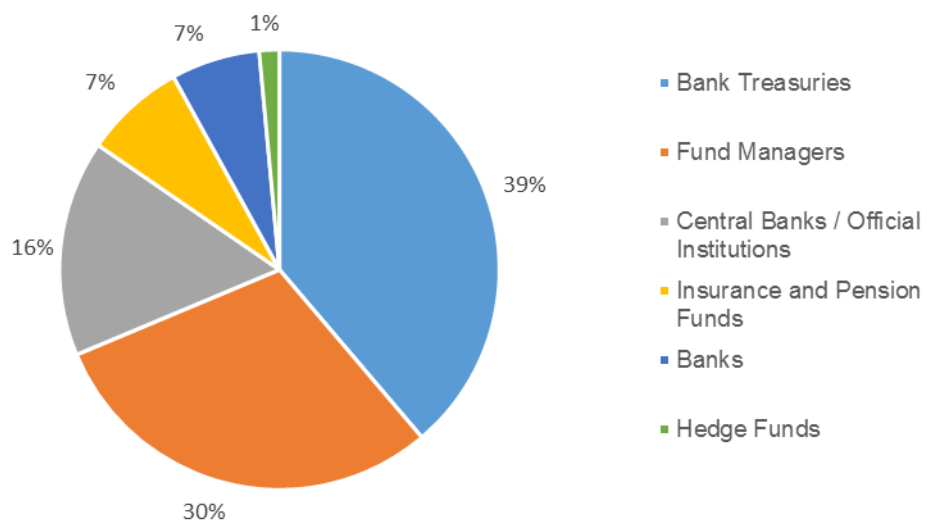
European Commissioner Johannes Hahn in charge of Budget and Administration said: *"The strong demand and good pricing conditions obtained following today's transaction are yet another confirmation for the strong interest in EU borrowing. This gives us confidence ahead of the forthcoming start of the borrowing to finance the recovery with our NextGenerationEU instrument."*

### Execution highlights:

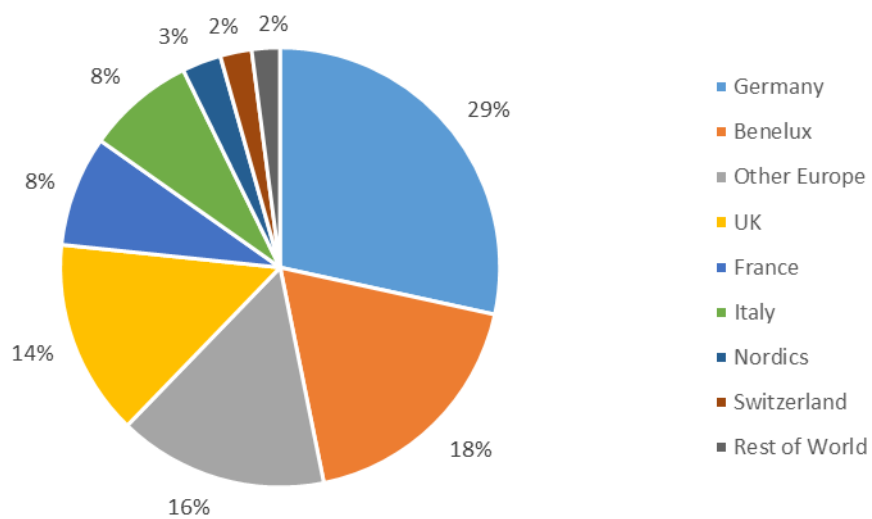
- The EU sent a Request for Proposal (RfP) to banks on 8<sup>th</sup> April 2021 and informed the market about the RfP. Submissions were made by banks on 12<sup>th</sup> April 2021.
- The formal mandate for a new 15-year benchmark was announced on Monday 19<sup>th</sup> April at 12:05 CET.
- Books were opened in the morning of Tuesday 20<sup>th</sup> April at 08:45 CET with spread guidance of mid-swaps -5bps area. The Fair value was agreed among the joint lead managers and the issuer at mid-swaps -9bps.
- Within an hour, the order book swiftly grew to over EUR 30 billion (excluding Joint Lead Managers' interest) and the final terms were set at EUR 4.75 billion deal size, at a reoffer spread of mid-swaps -7bps.
- Books formally closed at 10:45 CET with orders exceeding EUR 41.5 billion (excluding Joint Lead Managers' interest).
- The transaction was priced at 14:33 CET at mid-swaps -7bps, which translates to a 0.25% coupon or 0.302% reoffer yield, 24.8bps over the 0% Bund due May 2036. The final new issue premium was estimated at 2bps.
- The successful new 15-year line completes the EU's first tranche of the two anticipated refinancing transactions in 2021 which will extend the maturity of existing EFSM loans to Portugal and Ireland.
- The final book size at over EUR 41.5 billion (excluding Joint Lead Managers' interest) represents the largest-ever order book for an EFSM-related transaction executed by the EU. With just under 300 participating accounts, the deal enjoys widespread support from investors across Europe and globally:
  - By investor type, bank treasuries and fund managers accounted for the lion's share of demand, taking 39% and 30% respectively. Central banks and official institution were allocated 16%, followed by insurance and pension funds at 7%.
  - The transaction is very well diversified by geography, with Germany (29%), Benelux (18%), and Other Europe (16%) and UK(14%) accounting for the largest regional allocations. France and Italy follow with 8% each.

## Summary of the distribution:

### *By Investor Type*



### *By Investor Geography*



**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	: 20 <sup>th</sup> April 2021
Settlement date	: 27 <sup>th</sup> April 2021 (T+5)
Maturity date	: 22 <sup>nd</sup> April 2036
Size of bond	: EUR 4.75 billion
Coupon	: 0.25%; annual ACT/ACT
Re-offer spread	: MS -7bps (Germany +24.8bps)
Re-offer price	: 99.239%
Re-offer yield	: 0.302%
ISIN	: EU000A3KP2Z3
Listing	: Luxembourg Stock Exchange
Denominations	: EUR 1,000.00
Bookrunners	: Crédit Agricole CIB, DekaBank, J.P. Morgan and UniCredit

**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. So far, the EU has borrowed 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 Risk in an Emergency (SURE).
- Subject to the European Council agreement on the Recovery Plan (July 2020), the Commission will be exceptionally empowered to borrow to fund crisis-repair and recovery actions through the [NextGenerationEU instrument](#).
- More information about the forthcoming EU borrowing to finance NextGenerationEU is available online on the [EU as a borrower](#) section of the European Commission website.

**Points of contact at European Commission:**

Balazs UJVARI, Spokesperson  
Tel: +32 2 295 45 78  
E-Mail: [balazs.ujvari@ec.europa.eu](mailto:balazs.ujvari@ec.europa.eu)

Claire JOAWN, Press officer  
Tel: +32 2 295 68 59 / Mob: +32 460 75 68 59  
E-Mail: [claire.joawn@ec.europa.eu](mailto:claire.joawn@ec.europa.eu)

Annemarie HUBER,  
Communication Advisor to Commissioner Hahn  
Tel.: +32 2 29 933 10  
E-Mail: [annemarie.huber@ec.europa.eu](mailto:annemarie.huber@ec.europa.eu)