P R E S S R E L E A S E

20th October, 2020

European Union EUR 17 billion dual tranche bond issue due October 4th, 2030 and 2040

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 €17 billion dual tranche social bond split over two distinct tenors: €10bn due in October 2030 and €7bn due in 2040. This was the EU's debut transaction under the Support to mitigate Unemployment Risk in an Emergency (SURE) programme as well as its inaugural Social bond and first dual-tranche transaction.
The deal has gathered a record orderbook and represents the largest Supranational transaction ever launched.

The transaction was executed by the European Commission (Directorate General for the Budget – Luxembourg under the responsibility of Budget Commissioner Johannes Hahn) on behalf of the EU. The 10-year bond was priced at 3 basis points above mid-swaps, which is equivalent to +36.7 basis points over the conventional 0.00% Bund due 15-Aug-2030 and +9.2 basis points above the 0.00% OAT due 25-Nov-2030. The 20-year bond was priced at 14 basis points above mid-swaps, which is equivalent to +52.1 basis points over the 4.75% Bund due 4-Jul-2040 and +3.2bp above the 0.25% OAT due 25-May-2040. The final new issue premiums have been estimated a 1 bp and 2 bps for the 10-year and 20-year tranches respectively, both values extremely limited given the amounts printed.

The Joint Lead Managers were Barclays, BNP Paribas, Deutsche Bank, Nomura and UniCredit.

"With this operation, the European Commission has made a first step towards entering the major league in global debt capital markets. It is the highest amount ever borrowed in the history of the EU. The strong investor interest and the favourable conditions under which the bond was placed are further proof of the new-found interest in EU bonds. The "social bond" character of the issuance has helped to attract investors who wish to help EU Member States in supporting employment through these difficult times. The successful launch is a vote of confidence in the European Union as issuer and borrower" said Johannes Hahn, European Commissioner for Budget and Administration.

For more details, you can follow the press conference of European Commissioner Johannes Hahn in charge of Budget and Administration, on Wednesday, 21 October 2020 as of 13:00 CET, broadcast live on Europe by Satellite.

Execution highlights:

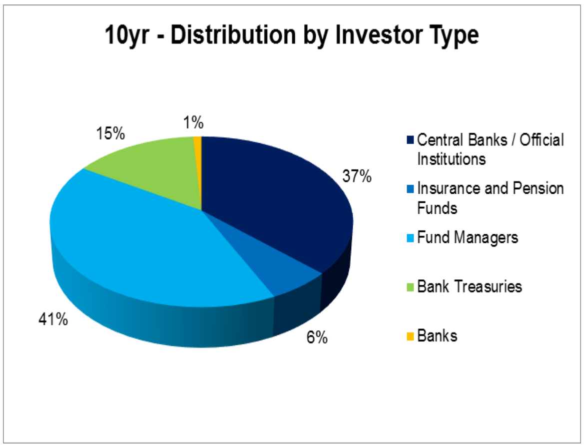
- **This issuance represents the final act of a specific marketing process which encompassed two Global Investor Calls, a SURE Investor Presentation and the preparation of a new Social Bond Framework. The EU sent a Request for Proposal (RfP) to banks on 9th October 2020 and informed the market about the RfP.**
- **The formal mandate for a dual tranche issue was announced on Monday 19th October at 13:27 CET.**
- **Books were opened in the morning of Tuesday 20 October 2020 at 08:55 CET with spread guidance of mid-swaps plus 6 bps area for the 10-year tranche and plus 17 bps for the 20-year tranche. With a fair value agreed among the joint lead managers and the issuer at mid-swaps plus 2 bps for the 10-year tranche and mid-swaps plus 12 bps for the 20-year tranche.**
- **At 9.43 CET, a first update was released confirming book size over €95bn (including 4.6bn JLM interest) on the 10-year tranche and over €55bn (including 3.6bn JLM interest) on the 20-year tranche. The spread was set at mid-swaps +3 bps on the 10-year line and mid-swaps +14 bps on the 20-year line, given the impressive book size.**

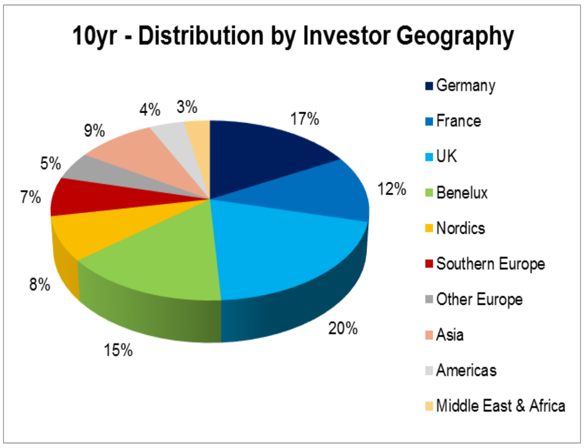
- The orderbook closed at 10.00 CET in excess of €233bn, consisting of €145bn (including 4.6bn JLM interest) on the 10-year tranche and over €88bn (including 3.6bn JLM interest) on the 20-year tranche. The sizes were confirmed at €10bn and €7bn on the 10-year and 20-year lines respectively thanks to the magnitude of orders received and the quality of the investors involved.
- The transaction was officially priced at 16.25 CET. The 0.000% 10-year bond has an issue price of 102.396%, providing a re-offer yield of -0.238% and a spread of +36.7 bps over the conventional 0.000% Bund due 15-Aug-2030. The 20-year bond pays an annual coupon of 0.100% and has an issue price of 99.390%, providing a re-offer yield of 0.131% and spread of +52.1 bps over the 4.750% Bund due 4-Jul-2040.
- This transaction marks a record both for the €233bn combined orderbook (split between 145bn on 10-year and 88bn on 20-year), the largest ever collected in the history of Sovereign, Supranational and Agencies debt capital markets and the size of €17bn, the highest issued amount in EUR from a Supranational institution ever.
- From a strategic point of view, the new lines maturing October-2030 and October-2040 fit well in the existing EU curve between the October-2029 and April-2031 in the 10-year sector and the April-2038 and April-2042 in the 20-year sector, with highly liquid, current coupon bonds on which future issuance can be built on.

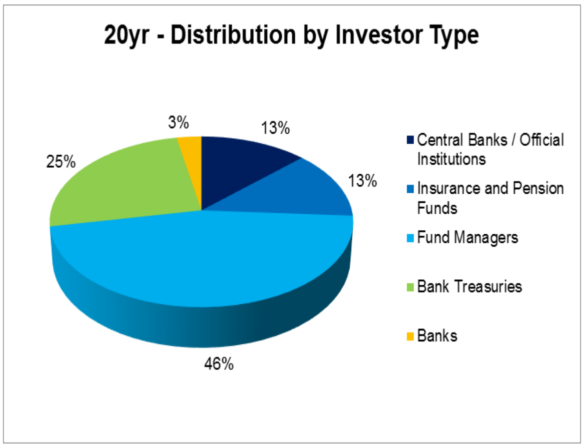
Commissioner Hahn expressed his great satisfaction with the successful operation:

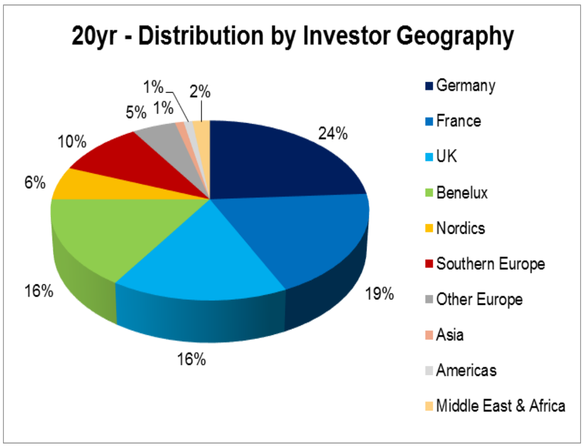
"This deal becomes the largest Social transaction ever printed and approximately 63% of the two tranches have been allocated to ESG investors. This deal also significantly contributed to increase the size of the Social bond market, seen at around €50bn pre EU transaction. 578 investors participated to the 10-year tranche and 514 investors in the 20-year tranche."

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	:	**20th October2020**	
Settlement date	:	**27th October 2020 (T+5)**	
Tranche		**10 year**	**20 year**
Maturity date	:	**4th October 2030**	**4th October 2030**
Size of bond	:	**EUR 10,000,000,000**	**EUR 7,000,000,000**
Coupon	:	**0.000%; annual ACT/ACT**	**0.100%; annual ACT/ACT**
Re-offer spread	:	**MS+3 bps (Germany +36.7 bps)**	**MS+14 bps (Germany +52.1 bps)**
Re-offer price	:	**102.396%**	**99.390%**
Re-offer yield	:	**-0.238%**	**0.131%**
ISIN	:	**EU000A283859**	**EU000A283867**
Listing	:	**Luxembourg Stock exchange**	
Denominations	:	**EUR 1,000.00**	
Bookrunners	:	**Barclays, BNP Paribas, Deutsche Bank, Nomura 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 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), recently adopted by Council on 19 May 2020.**
- **The bonds issued by the EU under SURE will benefit from a social bond label.**

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