P R E S S R E L E A S E
18th May, 2021

European Union EUR 14.137 billion dual tranche bond issue due 4th July 2029 and 4th January 2047

Today, 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), successfully issued a €14.137 billion dual tranche social bond split over two distinct tenors: €8.137bn due in July 2029 and €6bn due in January 2047. This transaction represents the EU's seventh issuance under the Support to mitigate Unemployment Risk in an Emergency (SURE) programme.

Despite a sustained period of market volatility in euro rates, the dual tranche was met with very strong interest from investors, with orderbooks closing in excess of €51.2bn (incl €1.5bn interest by the Joint Lead Managers (JLM) and €37.5bn (incl. €1bn JLM interest) on the 8y and 25y tranches respectively.

The new long 8-year bond carries a coupon of 0%, and came at a re-offer yield of 0.019%, providing a spread of -2bps to mid-swaps, which is equivalent to 31.5bps over the 0.25% Bund due 15/02/2029 and 1.2bps through the 0.5% OAT due 25/05/2029. The 25-year bond came with a coupon of 0.75% and was priced at +17bps above mid-swaps, which is equivalent to 40.6bps over the 2.5% Bund due 15/08/2046 and 21 bps through the 2% OAT due 25/05/2048. The final new issue premiums have been estimated at c.2bps on the 8-year and c.2.5bps on the 25-year, a strong outcome given the relatively volatile market, as well as the large size raised.

The Joint Lead Managers were Deutsche Bank, LBBW, Morgan Stanley, Natixis and NatWest.

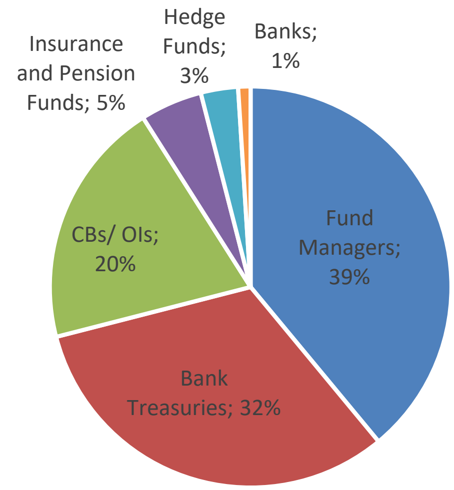
EU Commissioner Johannes Hahn, in charge of Budget and Administration, said: *"This is the seventh time the Commission has gone to the market for SURE, the last SURE issuance before the start of NextGenerationEU, and the seventh time we have attracted strong investors' interest, this time – amid sustained period of market volatility. These seven successful deals for a combined value of nearly €90 billion have established the EU, in the course of just seven months, as a highly liquid, highly rated issuer of euro-denominated bonds, paving the way for the NextGenerationEU programme due to start soon."*

Execution highlights:

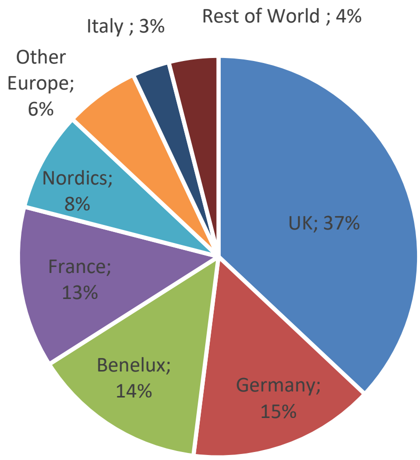
- On the 7th May 2021, the EU sent a Request for Proposal (RfP) to banks and informed the market about the RfP. The mandate for a new dual tranche 8-year and 25-year benchmark was subsequently announced on Monday 17th of May at 12:35 CET.
- Following the announcement, the new benchmark transaction received substantial interest from investors throughout the European afternoon and overnight. The following morning, at 09:00 CET, the orderbook was officially opened with price guidance of mid-swaps flat area on the new 8-year tranche and mid-swaps +19bps area on the 25-year tranche. The issuer and the joint lead managers agreed at this time that Fair Value stood at mid-swaps -4bps for the 8-year and mid-swaps +14.6bps for the 25-year.
- On the back of robust demand, the orderbook on both tranches grew quickly to reach more than EUR 40bn (including EUR 1.5bn JLM interest) on the 8-year tranche, and over EUR 33bn (including EUR 1bn JLM interest) on the 25-year tranche by 10:15 CET. At this point, the spread was set at mid-swaps -2bps for the 8-year benchmark and mid-swaps +17bps on the 25-year benchmark. The orderbook closed thereafter at 10:45 CET, with final books (post reconciliation) closed in excess of EUR 51.2bn (including EUR 1.5bn of JLM interest) for the 8-year and EUR 37.5bn (including EUR 1bn of JLM interest) for the 25-year.
- The 8-year benchmark was priced first at 15:20pm CET, it came with a 0% coupon and an issue price of 99.846% resulting in a re-offer yield of 0.019% and a spread of 31.5bps over the 0.25% Bund due 15/02/2029. The 25-year was priced straight after at 15:24pm CET with a 0.75% coupon and an issue price of 99.838% providing a re-offer yield of 0.757% and a spread of 40.6bps over the 2.5% Bund due 15/08/2046.
- The granularity and depth of the orderbook, which is highlighted by the 638 orders in the final orderbook, demonstrates the EU's continued appeal to investors across the globe as a safe-haven asset.

Summary of the distribution:

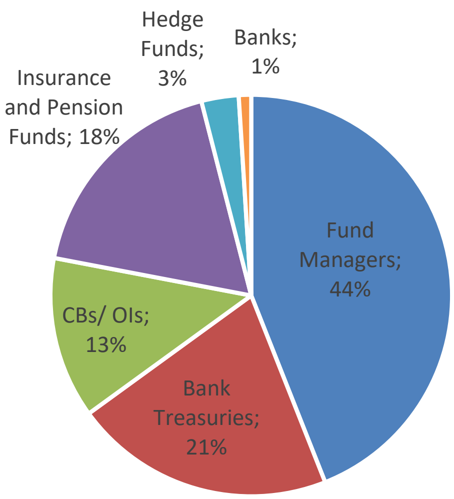
8-year – Distribution by Investor Type



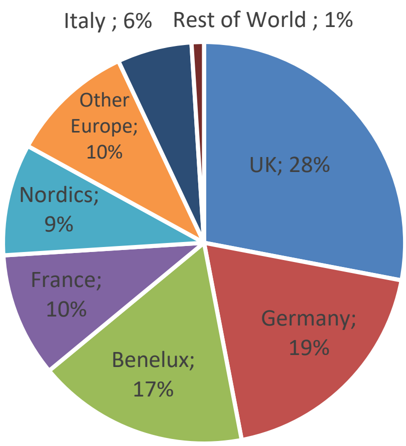
8-year- Distribution by Geography



25-year – Distribution by Investor Type



25-year – Distribution by Geography Type



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	:	18th May 2021	
Settlement date	:	25th May 2021 (T+5)	
Tranche		8y tranche	25y tranche
Maturity date	:	4th July 2029	4th January 2047
Size of bond	:	EUR 8.137 billion	EUR 6 billion
Coupon	:	0%; annual ACT/ACT	0.75%; annual ACT/ACT
Re-offer spread	:	MS-2bps (Germany +31.5bps)	MS +17bps (Germany +40.6bps)
Re-offer price	:	99.846%	99.838%
Re-offer yield	:	0.019%	0.757%
ISIN	:	EU000A3KRJQ6	EU000A3KRJR4
Listing	:	Luxembourg Stock Exchange	
Denominations	:	EUR 1,000.00	
Bookrunners	:	Deutsche Bank, LBBW, Morgan Stanley, Natixis and NatWest Markets	

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).
- The bonds issued by the EU under SURE benefit from a social bond label.

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