

2020 Social Inclusion Bond Report

The CEB COVID-19 Response Social Inclusion Bonds

KEY DEAL CHARACTERISTICS

Issue date	9 April 2020	10 June 2020
Amount	1 000 €M	500 \$M*
Maturity	9 April 2027 (7 years)	10 June 2023 (3 years)
Rating	Aa1/AAA/AA+	Aa1/AAA/AA+
Coupon	0.000%	0.250%
SPO	Sustainalytics	Sustainalytics

*eq. 446 €M

Eligibility criteria

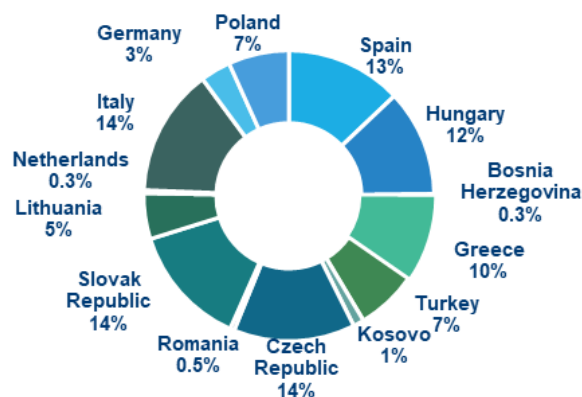
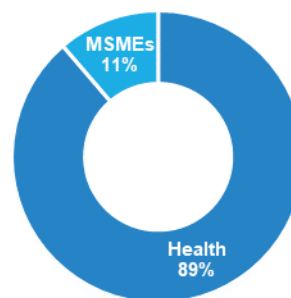
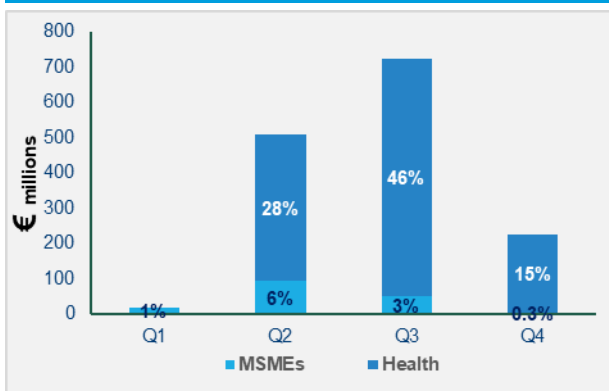
- In the context of the COVID-19 pandemic the CEB decided to put an emphasis on the challenges posed to Europe's public health systems as well as on supporting MSMEs.
- **Health:** projects concerning health and related infrastructure with the aim to improve and protect public health, in particular providing assistance to vulnerable populations.
- **Supporting MSMEs for the creation and preservation of viable jobs:** projects facilitating access to credit for MSMEs for the primary purpose of promoting the creation and preservation of viable jobs.
- Additional information on CEB's Social Inclusion Bonds can be found on our [website](#).

Use of Bond Proceeds

ALLOCATION OF DISBURSEMENTS

Amount of loans disbursed	1 475 €M
# of projects	15
Sectors	Health & MSMEs
# of countries	14

2020 DISBURSEMENT EVOLUTION



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CEB's response to COVID-19

Overview

- The COVID-19 pandemic is an unprecedented global health emergency. It is also much more than a health crisis with a tragic human toll because it is likely to have a major social and economic impact across the CEB member countries – some of which are still reeling from the consequences of the great financial crisis. From emergency measures to ramping up resilience, the CEB is striving to support member countries to mitigate the impact of the coronavirus pandemic.
- The CEB was among the first MDBs to be able to put in place the necessary mechanisms to help mitigate the health, economic and social fallout from the COVID-19 pandemic in an efficient and timely manner. By maintaining close dialogue with its member countries and its long-term borrowers on their emerging needs and in support of unprecedented and unexpected demands, new projects were elaborated and some existing loans were restructured to allow for their rapid deployment as emergency support in response to the COVID-19 health crisis.
- COVID-19-related projects sought to provide timely funding to help strengthen service delivery and continuity during the on-going health emergency, while laying down initial measures for resilient socio-economic recovery. The CEB adapted its financing instruments and introduced derogations and waivers to permit rapid disbursement of emergency funding. As time was of essence, the CEB instituted fast-track procedures (e.g. a tailored approach to appraising technical, Environmental and Social Safeguards and procurement aspects) to process the loan requests promptly.

COVID-19-specific project financing in 2020

- **Timely, flexible, and targeted financing** to its member states, both during the height of the COVID-19 emergency and on the road to recovery:

CEB loans approved to finance COVID-19 response measures	# of COVID-19 projects	# of countries
3.1 €BN	21	18

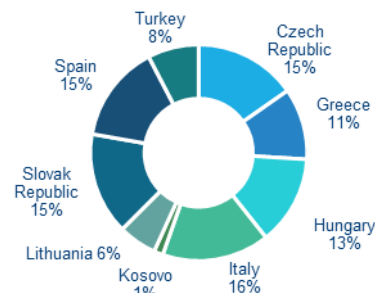
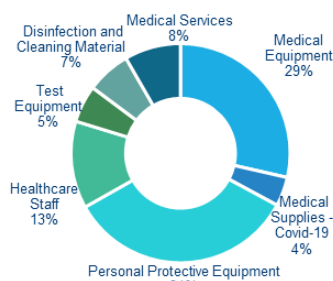
- The CEB has:
 - **Adapted its Public Finance Facility (PFF)**, a financing instrument aimed at national and sub-national public sector partners, to cover:
 - Acquisition, under emergency procedures, of medical equipment and consumables;
 - Rehabilitation and transformation of spaces and medical units;
 - Mobilisation of additional medical expertise;
 - Social care and education sector needs.
 - **Engaged with borrowers to continue supporting MSMEs and municipal companies**, with a focus on the preservation of jobs and on enabling ongoing municipal investments.
 - **Introduced temporary waivers on the proportion of the total cost of projects that may be financed through a CEB loan**, and the possibility for the first disbursement tranche to exceed the usual ceiling of 50% of the total loan amount.
 - **Repurposed € 530 million in existing financing agreements** to better serve European MSMEs' needs for working capital and investments.

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Social Impact of Loans Granted

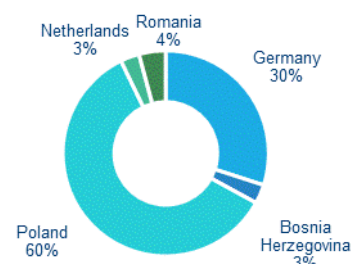
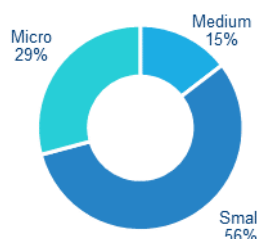
HEALTH

Project expenditure	3,102.9 €M
2020 CEB amount of loans disbursed	1,308.8 €M
# of countries	9
# of elderly people benefited	28.8 M*
# of personal protective equipment units financed	84.2 M*



MSMEs

Project expenditure	293.9 €M
2020 CEB amount of loans disbursed	166.7 €M
# of countries	5
# of jobs preserved	83,630
# of jobs created	1,404



Methodology

- The impact reported by the CEB concerns the project expenditure. The CEB usually finances a portion of such projects and therefore contributes financially to only a share of the benefits.
- The proceeds from the two Social Inclusion Bonds issued in 2020 have been allocated equally to the 20 tranches of the 15 eligible social loans listed in this report.
- The CEB requested EY as external auditors to perform agreed-upon procedures related to the disbursement of the amounts mentioned in this report to the relevant projects. EY was also requested to confirm the compliance of the projects with the relevant framework loan agreements. EY reviewed the disbursements for the 20 tranches of the 15 eligible social loans mentioned in this Social Inclusion Bond Report and noted no discrepancies between these disbursements and the relevant framework loan agreements.

Notes:

*The number of elderly people benefiting in this sub-category as well as the number of personal protective units financed are estimates, the latter based on one project in particular.

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Examples of Loans Granted from the Social Inclusion Bonds

Example 1: Spain

- In April 2020, the CEB and Comunidad Autónoma de Madrid signed an agreement of € 200 million euros to support the latter's response to the COVID-19 pandemic and reinforce the level of medical services provided to citizens in the context of the ongoing health crisis. The CEB loan is used to partially finance the unforeseen expenditures associated with the management of the pandemic. More specifically, the funds cover supplementary medical and pharmaceutical supplies; specialised equipment needed for COVID-19 patients such as ventilators; additional medical staff including doctors and nurses as well as auxiliary staff; supplementary contractors for cleaning and disinfection services. The CEB financing is expected to benefit the population at large, and particularly the region's 1.2 million inhabitants who are over 65 years old.



CEB total loan	Project expenditure	2020 CEB disbursements (% of expenditure)	Major COVID-19 expenditure items	Disbursement date
200 €M	769 €M	191 €M (25%)	Disinfection and Healthcare Staff salaries/ incentives	29/05/2020 25/11/2020

Example 2: Czech Republic

- In April 2020, the CEB approved a € 300 million loan to the Czech Republic to partially finance extraordinary healthcare expenditures to combat the spread and impact of the COVID-19 pandemic. The CEB funds are used to co-finance gaps in the budget lines created for COVID-19 mitigation measures. These costs cover the acquisition of medical material, personal protective equipment, disinfection and cleaning material for doctors, nurses, medical emergency services, testing centers and laboratories. The medical and protective equipment includes face masks, protective clothing, helmets, goggles, tests and ventilators. The CEB financing is expected to benefit 10.7 million of the country's inhabitants, in particular more than two million residents who are over 65 years old and persons who are the most vulnerable to the virus.



CEB total loan	Project expenditure	2020 CEB disbursements (% of expenditure)	Major COVID-19 expenditure items	Disbursement date
300 €M	362 €M	200 €M (55%)	Medical Equipment Test Equipment Personal protective equipment	30/07/2020

Example 3: Italy

- In April 2020, the CEB approved a € 300 million loan to Italy in order to support the country's efforts to manage the COVID-19 pandemic. The CEB loan is used to finance the Emergency Fund, COVID-19 related mitigation measures as well as extraordinary expenditures incurred by the Department of Civil Protection. The expenditures mainly include the acquisition of medical equipment and personal protective equipment, the construction and conversion of temporary emergency facilities, the remuneration of exceptional and temporary medical staff, home-based health and/or social assistance (for confined patients in quarantine) as well as the operation and maintenance of healthcare centres throughout Italy.



CEB total loan	Project expenditure	2020 CEB disbursements (% of expenditure)	Major COVID-19 expenditure items	Disbursement date
300 €M	335 €M	210 €M (63%)	Personal protective equipment Medical Equipment Healthcare Staff salaries/ incentives	30/09/2020

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Examples of Loans Granted from the Social Inclusion Bonds

Example 4: Kosovo

- In May 2020, the CEB approved a € 35 million loan, together with a € 1 million interest-rate subsidy from the Social Dividend Account, for the partial financing of extraordinary expenditures resulting from the COVID-19 pandemic. The CEB loan partially covers the emergency healthcare costs, including the purchase of additional medical equipment, personal protective equipment and medical supplies for COVID-19 patients. Moreover, the loan provides hardship incentives to medical staff fighting COVID-19 and pharmacy employees. The CEB financing is expected to benefit 1.9 million people currently living in Kosovo, and specifically the most vulnerable such as the elderly and persons with chronic conditions, and healthcare workers.



CEB total loan	Project expenditure	2020 CEB disbursements (% of expenditure)	Major COVID-19 expenditure items	Disbursement date
35 €M	27 €M	18 €M (66%)	Personal protective equipment Healthcare Staff salaries/ incentives	17/12/2020 28/12/2020

Example 5: Germany

- In May 2020, the CEB decided to add SME support, specifically targeted at Brandenburg's COVID-19 response, to the already existing programme of € 150 million, approved with Investitionsbank des Landes Brandenburg (ILB) in 2019. Within this component, the CEB participated in the Corona Emergency Aid programme ("Corona Soforthilfe Brandenburg") launched by the Federal State of Brandenburg in March 2020. The programme consisted of grant financing to small and medium-sized enterprises with up to 100 employees, self-employed persons and freelancers, facing economic difficulties and liquidity shortages as a result of the COVID-19 pandemic. ILB was called on duty by Brandenburg to manage the Corona Emergency Aid programme (totalling more than € 500 million) and disburse grants on behalf of the state of Brandenburg, which remained the ultimate grant provider. With its loan of € 50 million, the CEB has been able to reach 2062 commercial enterprises and help them preserve 49943 jobs.



CEB total loan	Project expenditure	2020 CEB disbursements (% of expenditure)	# of MSMEs	# of Jobs preserved	Disbursement date
150 €M	56 €M	50 €M (90%)	2062	49943	16/09/2020

Example 6: Netherlands

- Given the successful implementation of previous programmes, the CEB approved in September 2019 an additional € 10 million loan to Qredits, an innovative Netherlands-based microfinance institution supporting MSMEs, entrepreneurship and employment. Qredits focuses on businesses with a viable business plan but unable to obtain financing through regular channels. Its forward-thinking approach to microfinance comes from leveraging the intensive use of technology while retaining the personal character of microfinance. Targeting mainly self-entrepreneurs, the CEB loan is used to finance the creation of new businesses and the (re)insertion of unemployed or inactive persons into the formal job market. With its first tranche (representing 49% of the loan amount), the CEB has been able to support 532 microenterprises, out of which 60% are startups and almost one third are run by women.



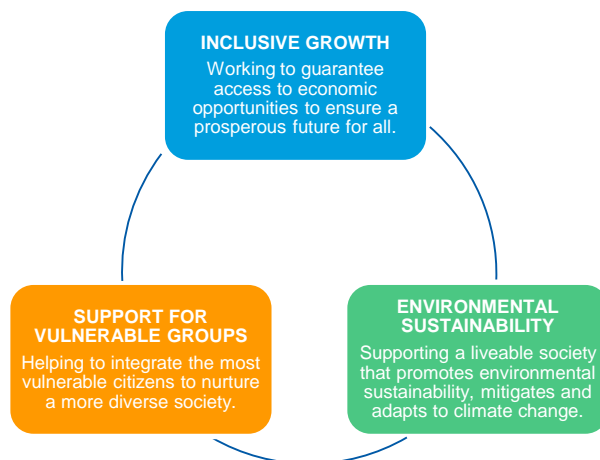
CEB total loan	Project expenditure	2020 CEB disbursements (% of expenditure)	# of MSMEs	# of Jobs preserved	Disbursement date
10 €M	10 €M	5 €M (49%)	532	582	22/12/2020

2020 Social Inclusion Bond Report

The CEB at a glance

PROMOTING SOCIAL COHESION - OUR LINES OF ACTION

The CEB is a multilateral development bank whose mission is to promote social cohesion and strengthen social integration in Europe through the provision of financing and technical expertise for projects with a high social impact in its member states. It participates in financing social projects, responding to emergency situations and contributes to improving the living conditions of the most vulnerable population groups (among others, children, pregnant women, homeless or disabled persons, migrants, refugees and ethnic minorities), depicted through the diagram (right).



KEY MILESTONES

- **1956:** establishment of the CEB in the aftermath of World War II, in the form of a Resettlement Fund with a capital of less than 7 million US dollars.
- **1960s-1980s:** steady increase of its membership, financial resources and scope of action in line with changes in social priorities.
- **1993:** following the Vienna Summit, a wave of new members from the countries of Central, Eastern, and then South-Eastern Europe joined the Bank (which at the time was still a Fund).
- **1997:** the Strasbourg Summit widened the CEB's mandate to include strengthening social cohesion, alongside the existing priorities set out in its Articles of Agreement.
- **2005:** the Warsaw Summit, whilst continuing to support the Bank's traditional mission, also invited the CEB to contribute in its own way to the development of a free, democratic and more inclusive European society.
- **Since 2008,** the protracted crisis in Europe and its impact on the lives of populations have made the CEB's mandate and action as a social development bank more relevant than ever.
- **2017:** the CEB launched its inaugural Social Inclusion Bond issue (€ 500 million size). This landmark issuance was a major step towards promoting social cohesion in Europe.
- **2020:** The year was dominated by the global COVID-19 pandemic. The Bank provided over € 3 billion to support member states to fund emergency healthcare and vaccinations, to restart their economies and promote their sustainable recovery.

CEB ACTIVITIES AND KEY UN SDGs

Alignment with CEB's social mandate



Cross-cutting issues, screening of all CEB projects



Project-specific, sector-based relevance



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Eligible Projects Allocation Report

3 GOOD HEALTH
AND WELL-BEING



10 REDUCED
INEQUALITIES

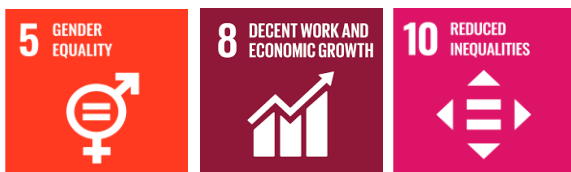


HEALTH

Country	Borrower	First Disbursement Date	Amount (in €)	Allocation
SPAIN	COMUNIDAD AUTONOMA DE MADRID	May 2020	29,684,901 84,459,406 9,398,870 67,456,823	Medical Equipment, Devices for health care institutions etc. Disinfection and cleaning material Medical Supplies/Medication used in treatment of COVID-19 patients Healthcare Staff salaries/ incentives
HUNGARY	HUNGARY	Sept 2020	104,345,508 14,232,759 55,052,158 1,369,575	Medical Equipment, Devices for health care institutions etc. Test Equipment Personal protective equipment Medical Supplies/Medication used in treatment of COVID-19 patients
GREECE	REPUBLIC OF GREECE	Jul 2020	44,007,859 49,967,256 46,024,885	Medical Equipment, Devices for health care institutions etc.) Personal protective equipment Healthcare Staff salaries/ incentives
TURKEY	REPUBLIC OF TURKEY	Nov 2020	7,123,500 32,429,342 40,555,327 19,891,831	Medical Equipment, Devices for health care institutions etc. Test Equipment Personal protective equipment Medical Supplies/Medication used in treatment of COVID-19 patients
KOSOVO	KOSOVO	Dec 2020	4,980,362 3,322,472 11,134 850,108 7,146,639 1,237,781 235,249	Medical Equipment, Devices for health care institutions etc. Personal protective equipment Disinfection and cleaning material Medical Supplies/Medication used in treatment of COVID-19 patients Healthcare Staff salaries/ incentives Temporary incentives first line staff exposed to COVID19 in other sectors Purchase or/and renting goods or transport for COVID-related expenses, cold chains
CZECH REPUBLIC	CZECH REPUBLIC	Jul 2020	83,017,035 8,900,329 107,842,780 239,856	Medical Equipment, Devices for health care institutions etc. Test Equipment Personal protective equipment Disinfection and cleaning material
SLOVAK REPUBLIC	SLOVAK REPUBLIC	Jun 2020	34,611,404 2,201,761 31,501,318 20,875,319 21,768,320 2,106,725 39,602,294 4,031,311 43,301,549	Medical Equipment, Devices for health care institutions etc. Test Equipment Personal protective equipment Medical Supplies/Medication used in treatment of COVID-19 patients Healthcare Staff salaries/ incentives Support SMEs Small-Scale Renovation Works, installation of temporary health centers and sanitation of premises Vaccination Other
LITHUANIA	REPUBLIC OF LITHUANIA	May 2020	7,971,963 14,036,312 26,576,816 273,617 2,703,513 7,323,447 847,988 17,454 1,916,255 13,349,989	Medical Equipment, Devices for health care institutions etc. Test Equipment Personal protective equipment Disinfection and cleaning material Medical Supplies/Medication used in treatment of COVID-19 patients Healthcare Staff salaries/ incentives Training of medical staff Renovation Works, installation of temporary health centers and sanitation off premises COVID services (transportation, information, IT equipment) Other
ITALY	REPUBLIC OF ITALY	Sept 2020	62,270,220 126,960,660 17,950,760 2,122,866 401,487 90,151 203,856	Medical Equipment, Devices for health care institutions etc. Personal protective equipment Healthcare Staff salaries/ incentives Purchase or/and renting goods or transport for COVID-related expenses, cold chains Renovation Works, installation of temporary health centers and sanitation off premises Home health and/or social assistance (for confined patients positives to COVID in quarantine) Other

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Eligible Projects Allocation Report



MSMEs						
Country	Borrower	First Disbursement Date	Amount	Number of MSMEs	Jobs maintained	Jobs created
POLAND	SG EQUIPMENT LEASING POLSKA SP.Z O.O.	Jan 2020	25,342,129	696	6,410	695
ROMANIA	RAIFFEISEN LEASING ROMANIA IFN SA	Mar 2020	7,000,000	352	5,194	43
BOSNIA AND HERZEGOVINA	PROCREDIT BANK D.D. SARAJEVO	May 2020	5,000,000	71	-	84
POLAND	EUROPEJSKI FUNDUSZ LEASINGOWY	Jun 2020	74,371,225	1,438	22,083	-
NETHERLANDS	QREDITS	Dec 2020	4,942,339	532	-	582
GERMANY	INVESTITIONSBANK DES LANDES BRANDENBURG	Sep 2020	50,000,000	2,062	49,943	-

2020 Social Inclusion Bond Report

Harmonised Impact Report for 2020 Social Inclusion Bonds

Project Category				Target Population	Allocation information				Social Indicators	
SBP Category	Sub-category		SDG Addressed (as relevant)	Target Group	Signed amount	Share of Total Financing	Eligibility of Social Bond	Allocated amount	Indicator 1	Indicator 2
a/	b/		c/	d/	e/	f/	g/	h/	i/	i/
					EUR	%	% of signed amount	EUR	Number of people benefiting	Other
Access to essential services	Health	Health and related infrastructure	SDG 3 SDG 10	Vulnerable groups	1 308 783 745	89%	100%	1 308 783 745	28 840 000 *	84 200 000* Personal protective equipment units such as face masks, shields, gloves, surgical gowns, etc.
Employment generation including through the potential effect of SME financing and microfinance	Micro, small and medium enterprise financing	Medium	SDG 5	Unemployed	24 285 874	11%	100%	166 655 693	85 034	83 630 Jobs Preserved
		Small	SDG 8 SDG 10		93 710 229					1 404 Jobs Created
		Micro			48 659 590					
Total	-	-	-	-	1 475 439 438	100%	-	1 475 439 438	28 925 034	-

Notes:

a/ Eligible category pursuant to Social Bond Principles (SBP)

b/ Eligible sub-category

c/ Eligible Sustainable Development Goals (SDG) which are addressed by the financed portfolio/project and fit to the chosen SBP (sub)category

d/ Eligible target populations include:

- 1) Living below poverty line
- 2) Vulnerable groups
- 3) Undereducated
- 4) Unemployed

e/ Signed / budgeted amount committed by the issuer for the portfolio or portfolio components eligible for Social Inclusion Bond financing

f/ Share of the total portfolio/project cost that is financed by the issuer

g/ Percentage of signed amount eligible for Social Inclusion Bond financing

h/ Amount allocated by the issuer to the portfolio or portfolio components eligible for Social Inclusion Bond financing

i/ Indicators include number of jobs, people, schools, dwellings etc. benefiting from the total project

*The number of elderly people benefiting in this sub-category as well as the number of personal protective units financed are estimates, the latter based on one project in particular.

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