

CEB issues EUR 1 billion 7-year Social Inclusion Bond Benchmark Press Release – 6th April 2022

Highlights

- 8th Social Inclusion Bond (“SIB”) brings the total SIB volume issued by CEB since 2017 close to EUR 5.0 billion
- 90% of transaction placed with SRI investors, the highest SRI participation rate for a CEB SIB
- First transaction issued under the updated Social Inclusion Bond Framework (March 2022)

Final terms

Issuer	Council of Europe Development Bank (CEB)
Rating	Aa1/AAA/AA+ (stable/stable/positive)
Format	RegS
Issue Amount	EUR 1,000,000,000
Pricing Date	6 th April 2022
Settlement Date	13 th April 2022
Maturity Date	13 th April 2029
Coupon	1.000%
Re-offer vs. mid-swaps	-13 bps
Re-offer vs. Benchmark	+55.1bps
Re-offer Price/Yield	99.510% / 1.073%
Joint Bookrunners	BofA Securities, Crédit Agricole CIB, ING, Nomura

Background

- The Council of Europe Development Bank (CEB) has always been focused on the social impact of its lending activity, based on its exclusively social mandate as a multilateral development bank. This transaction marks the eight Social Inclusion Bond (SIB) since the inaugural SIB in 2017.
- The CEB updated its Social Inclusion Bond framework in March 2022. The updated framework clarifies the target population for each category, in line with best practice in the social bond market. The section detailing the process for project evaluation and selection has been updated to reflect the robust internal project selection and monitoring processes at the CEB. The approach to the management of proceeds has also been updated to a portfolio approach to reflect the dynamic nature of the CEB’s loan portfolio. In line with the issuer’s framework, proceeds of this new Social Inclusion Bond will be used for eligible loans in one or several of the following categories: Social Housing for low-income persons, Education and vocational training, Health and social care and Supporting MSMEs for the creation and preservation of viable jobs .
- The CEB is committed to transparent reporting on the allocation and impact of eligible social loans that are financed by its social inclusion bonds. In 2023, it will start reporting on the entire portfolio of social bonds and eligible social loans (per ICMA Social Bond Principles categories), and show the proportion of financed and refinanced loans.
- Aid to refugees, migrants and displaced persons is, together with aid to victims of natural or ecological disasters, one of the two statutory priorities of the CEB. In the current circumstances, the CEB, “stands ready to also provide flexible, fast-disbursing loans to address the significant financial needs of neighboring and other countries hosting large inflow of refugees, while remaining focused on the social sector.”

Deal details

- The mandate was announced on Tuesday 5th April to allow investors sufficient time to prepare for this annual flagship transaction and get familiar with the updated Social Bond Framework as well as the Use-of-Proceeds with regards to refugees in light of the current circumstances. Although no price thoughts were communicated on the first day, the CEB announced that the transaction would be benchmark sized with a tenor of 7yr.
- Books were opened on Wednesday 6th April at 9.05am CET with the size set at EUR 1.0 billion no grow.
- Despite the softer market conditions, the new issue was priced close to fair value at MS-13bps on the back of quality investor demand, which was the result of solid investor support for the borrower's updated social bond framework.
- Socially responsible investors were once again well represented in the orderbook, providing further investor diversification to CEB. **In the end, 90% of the issue was allocated to SRI investors, which marks the highest rate of SRI participation for a CEB Social Inclusion Bond.**
- The deal attracted a wide range of high quality investors and the orderbook was mainly driven by European investors, predominantly from France accounting for 35%, Benelux for 25%, Germany / Austria for 16% and the Nordics with 8%. In terms of investor type, Asset Managers took 36% of the transaction, followed by Banks with 35%, central banks and official institutions taking 21% and Insurance & pension funds for 8%.

Distribution statistics

