CEB issues USD 1 billion 3.000% 3-year Global Social Inclusion Bond Benchmark
Press Release – 8th June 2022

Highlights

• This transaction is the 9th Social Inclusion Bond (SIB) issued by CEB, and their third in USD Global format, with a total funding volume in SIB format now totaling close to EUR 6 billion.
• The Use of Proceeds from this SIB transaction will be primarily directed to supporting Ukrainian refugees.
• This is the largest USD SIB transaction at USD 1 billion and represents the largest orderbook for a CEB USD transaction, with books closing in excess of USD 2.3 billion.
• Over 75% of the transaction was placed with SRI investors.

Final terms

| Issuer | Council of Europe Development Bank (CEB) |
| Rating | Aa1/AAA/AA+ (M/S&P/F) (stb, stb, pos) |
| Format | Global, SEC Registered |
| Issue Amount | USD 1,000,000,000 |
| Pricing Date | 08th June 2022 |
| Settlement Date | 16th June 2022 (T+6) |
| Maturity Date | 16th June 2025 |
| Coupon | 3.000% |
| Re-offer vs. SOFR Mid-Swaps | SOFR MS+21bps |
| Re-offer vs. Benchmark | +12.4bps |
| Re-offer Price/Yield | 99.784%/3.076% |
| Joint Bookrunners | DZ Bank, Morgan Stanley, NatWest Markets, RBC Capital Markets |

Background

• The Council of Europe Development Bank (CEB) has an explicit social mandate, actively promoting social cohesion and social integration in Europe. The issuer has been issuing Social Inclusion Bonds (SIB) since 2017 and this transaction represents the ninth such benchmark from the borrower and the third such transaction to be issued in USD.
• The CEB was the first multilateral development bank to disburse grants to provide immediate aid to refugees from Ukraine. 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. As a result of its past experience and the Migrant and Refugee Fund track record since 2015, the CEB has responded promptly to urgent needs on the ground.
• Specifically, in response to the challenges posed for refugees and neighbouring countries, the Bank has recently approved EUR 980 million in new loans to support Ukraine refugees and host countries.
• In line with the CEB's commitment to provide flexible, fast-disbursing loans to address the significant financial needs of neighboring and other countries receiving large inflows of these Ukrainian refugees, the CEB intends to primarily allocate an amount equivalent to the net proceeds.
raised through this Social Inclusion Bond to the financing and/or refinancing of eligible social loans according to its Social Inclusion Bond Framework in one or several of the following sectors of action: social housing for low-income persons; education and vocational training; health and social care; support to MSMEs for the creation and preservation of viable jobs.

- 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 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.
- Sustainalytics provided the Second Party Opinion on the framework.

**Deal details**

- In response to the ongoing refugee crisis, the CEB was able to swiftly leverage its updated Social Inclusion Bond framework for the second time since April in order to support its member countries.
- This time, CEB issued a new USD 3-year transaction, following on from the EUR 1 billion 7-year SIB priced in April this year.
- The mandate for this Social Inclusion benchmark bond was announced to the market on Tuesday 7th June at 14.30 CET with IPTs of SOFR MS+23bps area.
- Stability in the USD market, following a more volatile week prior, enabled a strong book building process, capturing IOIs in excess of USD1.5bn (excluding JLM interest). This allowed the guidance spread to be tightened to SOFR MS+22bps area when books were officially opened on the morning of Wednesday 8th June.
- By 11am CET, books were over USD 2 billion, allowing the CEB to set the size of the transaction at USD 1 billion from the traditional USD 500 million SIB print and revise guidance to SOFR MS+21bps area.
- Books continued to grow and closed with interest of over $2.3bn of interest, with the spread formally set at SOFR MS+21bps.
- The transaction was priced at 15.59 CET, with a coupon of 3.000%, a re-offer price of 99.784% and a re-offer yield of 3.076%. The transaction priced with a spread of +12.4bps over Treasuries.
- Priced with a re-offer spread of SOFR MS+21bps, this deal represents the tightest 3-year supranational transaction on a SOFR MS basis this year, underscoring the high credit quality, rarity factor and investor support to the CEB Social Inclusion framework.
- Over 70 accounts participated in the transaction with broad diversification among investor geographically and types. Investors based in the Americas took 25%, closely followed by UK/Ireland (20%), Asia similar at 19%, Middle East (11%), Germany/Austria & Switzerland (9%), Other Europe (9%) and Scandinavian investors accounting for 7%.
- CB/OIs took 45% of the transaction, followed by Banks (34%), Fund Managers at 16%, Insurance and Pension Funds (4%), Hedge Funds (1%)
- Socially Responsible Investors (SRI) provided very strong support to this transaction with over 75% of the issue allocated to such investors.
**Distribution statistics**

**Investor Geography:**

- Americas: 25%
- UK/Ireland: 20%
- Asia: 19%
- Middle East: 11%
- Germany/Austria/Switzerland: 9%
- Other Europe: 9%
- Scandinavia: 7%

**Investor Type:**

- CB/OIs: 45%
- Banks: 34%
- Fund Managers: 16%
- Insurance / Pension Funds: 4%
- Hedge Funds: 1%