

## CEB issues EUR 1 billion 7-year Social Inclusion Bond Benchmark Press Release – 5<sup>th</sup> April 2023

### Highlights

- Very successful Social Inclusion Bond (“SIB”) issue completes the CEB’s EUR SIB curve as the 7<sup>th</sup>, 7-year EUR-denominated SIB since CEB started to issue its pioneering SIBs in 2017.
- Overall, it is also the 10<sup>th</sup> SIB from CEB and brings the total volume outstanding to around EUR 7bn.
- Strong investor interest from the outset, with books already covered within the first hour of bookbuilding and closing at 1.9x subscribed.
- This was also the first SIB issued following the recent decision by Moody’s to upgrade the CEB’s ratings to Aaa, driven by the Bank’s historic capital increase approved in December 2022.
- The success of the transaction reflects the importance and impact of the CEB’s SIBs in assisting member states that have been faced with a succession of crises brought on by the COVID-19 pandemic, Russia’s aggression in Ukraine and more recently the earthquake in Türkiye as an example.

### Final terms

Issuer	Council of Europe Development Bank (CEB)
Rating	Aaa/AAA/AA+ (stable/stable/positive)
Format	RegS
Issue Amount	EUR 1,000,000,000
Pricing Date	4 <sup>th</sup> April 2023
Settlement Date	13 <sup>th</sup> April 2023
Maturity Date	13 <sup>th</sup> April 2030
Coupon	2.875%
Re-offer vs. mid-swaps	-3 bps
Re-offer vs. Benchmark	63.7 bps
Re-offer Price/Yield	99.563 / 2.945%
Joint Bookrunners	HSBC Continental Europe, ING, Société Générale and TD Securities

### Background

- The CEB has always been focused on the social impact of its lending activity, based on its exclusively social mandate as a multilateral development bank.
- In line with the issuer’s framework, proceeds of this new SIB 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 SIB. In March 2023, the CEB published its latest [SIB Report](#), this time under the Bank’s new portfolio approach for the management of proceeds following the update of the SIB Framework last year.
- In December 2022, The Governing Board of the Council of Europe Development Bank approved the new [Strategic Framework for 2023-2027](#) and a historic increase of EUR 4.25 billion of the bank’s subscribed capital, equivalent to a 78% rise from its current level. Of the total capital increase, EUR 1.2 billion is to be provided in the form of paid-in capital, while the remainder made available as callable capital.

- Importantly, the CEB is also preparing to welcome Ukraine as a new member in the coming months. This will enable the Bank to play its full part in the international effort to safeguard the future of the country and its people, particularly by providing support in the housing and healthcare, sectors where the Bank has extensive expertise.

### Deal details

- The SIB mandate was announced on Monday 3<sup>rd</sup> of April to allow investors sufficient time to prepare for this annual flagship transaction. Although no price thoughts were communicated on the first day, the CEB announced that the transaction would be “benchmark” in size, with a tenor of 7 years.
- Books were opened on Tuesday 4<sup>th</sup> April at 9:00am CET with a guidance of MS-1bp area. The transaction gained momentum from the start with the orderbook fully subscribed within the first hour and reaching above the EUR 1.3 billion mark by first book update at 10.20am CET. With the orderbook in excess of EUR 1.9bn, the final spread was directly set at MS-3bps at 11.15am CET, while the size was set at EUR 1bn for the new Social Inclusion Bond issue.
- The strong investor demand, as demonstrated by the 1.9x oversubscription ratio, highlights the continued investor interest in the borrower’s operations and recognition of its role in supporting social investments.
- Socially responsible investors were once again well represented in the orderbook, providing further investor diversification to CEB. **In the end, close to 60% of the issue was allocated to SRI investors.**
- The deal attracted a wide range of high-quality investors and the orderbook was mainly driven by European investors, predominantly from France (23%), Germany (12%), Benelux (11%), and the Nordic countries (9%). In terms of investor type, bank treasuries represented 45% of the allocations, followed by asset managers with 29%, central banks and official institutions taking 15% and Insurance & pension funds representing 8%.

### Distribution statistics

