

Council of Europe Development Bank

A\$600m 4.300% Kangaroo Social Inclusion Bond due April 2029

Press Release – 22 March 2024

Highlights

- On Friday 22 March 2024, Council of Europe Development Bank (CEB), rated Aaa/AAA/AAA (all stable), priced a new A\$600m 5-year Kangaroo Social Inclusion Bond (SIB) benchmark due 3rd April 2029
- CEB took advantage of a strong backdrop in the SSA Kangaroo primary markets that has been persistent in 2024, and tactically waiting for local labour force data, which saw a rise in interest rates making an attractive entry point for investors
- This deal is CEB's first AUD Kangaroo syndicated benchmark transaction since February 2022, a highly successful and strategic "re-entry" trade and their largest Kangaroo benchmark to date. It also marks CEB's first ever SIB in benchmark Kangaroo format
- Notably, this is the first Kangaroo trade since CEB restored its triple-A rating across all three major credit rating agencies, and the tightest ever spread to peers in the market
- The deal was met with very high-quality and global demand, with books closing in excess of A\$640m, the largest orderbook to date for CEB in AUD
- Allocations were diverse across regions and investor types, with demand from all corners, including LatAm, EMEA, Asia and naturally Australia. On the ESG specific front, over 80% of the transaction was allocated to ESG specific accounts, further highlighting the importance of the choice of CEB to proceed in SIB format
- With this trade, CEB anchored its Kangaroo curve with a liquid reference point in a key maturity bucket, setting solid grounds for future entries in the AUD market
- The Joint Lead Managers on the transaction were Nomura, RBC Capital Markets, and Deutsche Bank

Final Terms

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| Issuer: | Council of Europe Development Bank (Ticker: COE) |
| Issuer rating: | Aaa/AAA/AAA (all stable) |
| Amount: | A\$600m |
| Pricing Date: | 22 March 2024 |
| Settlement Date: | 3 April 2024 (T+6) |
| Maturity Date: | 3 April 2029 |
| Coupon: | 4.300% Fixed, s.a RBA Bond Basis |
| Issue Price: | 99.804% |
| Issue Yield: | 4.344%. |
| Reoffer Spread: | ASW+45bps ACGB Apr-29 +61.4bps EFP+71.4 bps |
| Joint Lead Managers: | Deutsche Bank, Nomura, RBC Capital Markets |
| ISIN: | AU3CB0308187 |

Deal details

- The New SIB was announced to the market on Thursday March 21 at 07:53h UKT/18:53h SYD with indicative pricing of ASW +45bps area
- The trade was immediately met with demand from high-quality accounts, with books standing in excess of A\$500m (Excl. JLMs) at the first book update at 22:10h UKT/09:10h (+1) SYD
- Price guidance remained unchanged at ASW+45bps area, while book closing times were set for 13:00h SYD/10:00h HKSG/11:00h TKY
- A few hours later at 01:50h UKT/12:50h SYD the second book update was shared with demand in excess of A\$600m (excl. JLMs) with minimum deal size communicated at A\$500m and spread set at ASW+45bps
- Books closed 10 minutes later at 13:00h SYD, with final demand in excess of A\$640m (Excl. JLMs), with a final deal size set at A\$600m
- Finally, at 03:20 UKT/14:20 SYD, the New A\$600m SIB Kangaroo deal was priced. The deal pays a coupon of 4.300%, with a reoffer price and yield of 99.804% and 4.344% respectively
- Allocations-wise, EMEA-based investors took the lion's share with 79% of allocated demand, followed by Asia (15%), Americas (4%) and Australia (2%). Investor quality on this deal was of very high, with CB/OIs taking 74% of the transaction, followed by Banks (21%) and Fund Managers, Insurers and Pension Funds (5% combined)
- Socially Responsible Investors (SRI) provided very strong support to this transaction with over 80% of the issue allocated to such investors

Background

- The CEB has an explicit social mandate from its 43 member states, actively promoting social cohesion and social integration in Europe. The issuer has been issuing SIB since 2017 and this transaction represents the first SIB trade in syndicated Kangaroo format
- In line with the CEB's SIB Framework, the proceeds of this new bond will be used for eligible loans in one or several of the following categories: social housing for low-income, vulnerable persons; education and vocational training; health and social care and support to micro, small and medium enterprises (MSMEs) for the creation and preservation of jobs
- All CEB loans are granted in accordance with specific technical and social development criteria and in strict conformity with environmental, procurement and compliance guidelines and policies
- The CEB also screens project proposals for their consistency with applicable climate goals in line with the Paris Agreement
- The CEB is committed to transparent reporting on the allocation and impact of eligible social loans that are financed by its SIB. In March, the CEB published its annual SIB Report, under the Bank's new portfolio approach for the management of proceeds following the update of the SIB Framework in March 2022: next edition forthcoming March 2024

Distribution statistics

