

Funding in 2020

► Debt issuance

Subject to the annual borrowing authorisation set by the Administrative Council, the CEB issues debt in the international capital markets. In 2020, the Bank fully made use of the borrowing authorisation for 2020 of EUR 4.5 billion in full. The amount was raised in fourteen financing operations, including five re-opening transactions of existing issues, with maturities of one year or more. In addition, and for the first time, the CEB issued a USD 1 billion (EUR 0.85 billion) bond in a prefunding operation under the borrowing authorisation for 2021. Excluding the prefunding, the amount raised in 2020 remained unchanged compared to 2019, when it also amounted to EUR 4.5 billion, but consisted of eleven funding operations, including three re-openings of existing issues. The 2020 funding programme fulfilled three main objectives:

- to cover the requirements arising from the Bank's lending activity
- to enable the Bank to honour its debt maturities, and
- to enable the Bank to maintain liquidity at the level set by the Administrative Council.

To ensure the necessary funding to finance its activities, the Bank continues to combine benchmark transactions in major currencies targeting a broad range of institutional investors with debt issues in a given currency or with a more specific structure designed to meet specific investor demands.

In 2020 (excluding prefunding), 48.9% of the funds raised by the Bank were denominated in Euros, 36.64% in US dollars, 7.9% in British pounds, 3.2% in Swedish krone, 1.8% in Norwegian krone and 1.5% in Hong-Kong dollars. These transactions enabled the Bank to diversify the markets in which its activities are financed while at the same time allowing for a broadening of its investor base.

In EUR, five transactions were priced in 2020: a EUR 1 billion ten-year benchmark and a EUR 100 million re-opening maturing in May 2023 in January, the Bank's fourth and at EUR 1 billion the so far largest seven-year Social Inclusion Bond in April and two re-openings, maturing in January 2028 and January 2030, respectively, for EUR 50 million each in October.

In USD, three transactions were priced: A USD 1 billion five-year benchmark in February, a USD 300 million two-year bond in May and the Bank's first Social Inclusion Bond in USD, a USD 500 million three-year transaction in June. As mentioned above, in the context of prefunding one additional USD 1 billion three-year benchmark was issued in October 2020 under the borrowing authorisation for 2021.

In GBP, one transaction was priced: A GBP 300 million seven-year benchmark in January.

As a result, the EUR, USD and GBP markets were the most important ones in terms of funding volumes in 2020.

In other currencies, five transactions were priced: A SEK 1.5 billion three-year transaction in January, two re-openings maturing in February 2024 for NOK 500 million in January and for NOK 375 million in October and two three-year transactions for HKD 200 million and HKD 400 million, respectively.

After taking swaps into account, the total amount of funds borrowed was denominated in euros.

The average maturity of the issues launched under the borrowing authorisation for 2020 was 6.3 years. The table below shows funds raised in their original currencies.

► Debt issued in 2020

Payment date	Maturity date	Currency	Term (in years)	Nominal amount (in millions)	Lead manager(s)
17/01/2020	17/01/2023	SEK	3	1 500	Swedbank
21/01/2020	21/01/2030	EUR	10	1 000	Barc/GS/Nomura/SG
28/01/2020	25/05/2023	EUR	3	100	DB
29/01/2020	26/02/2024	NOK	4	500	Danske
30/01/2020	22/07/2027	GBP	7	300	BoA/NatWest
27/02/2020	27/02/2025	USD	5	1 000	BNPP/BoA/DB/TD
09/04/2020	09/04/2027	EUR	7	1 000	CACIB/Citi/DZ/HSBC
07/05/2020	06/05/2022	USD	2	300	BoA
08/06/2020	08/06/2023	HKD	3	200	HSBC
10/06/2020	10/06/2023	USD	3	500	CACIB/Daiwa/JPM/NatWest
15/09/2020	15/09/2023	HKD	3	400	HSBC
15/10/2020	24/01/2028	EUR	7	50	BoA
16/10/2020	21/01/2030	EUR	9	50	DB
22/10/2020	26/02/2024	NOK	3	375	Swedbank

To be noted the benchmark of USD 1 billion issued in October is part of the 2021 funding programme and as such not presented in the table.

In 2020, in order to ensure the refinancing of the Bank's loans and avoid cash gaps in the coming years, 75.2% of the issues carried out under the borrowing programme had final maturities of close to five years or more, compared with 57.1% in 2019.

The multi-currency EMTN programme was updated in December 2020 to adapt the legal framework of the Bank's issues to changes in financial market

regulations. The Australian and New Zealand Dollar MTN (Australian programme) was last updated in September 2015. The CEB's Euro-Commercial Paper Programme was also updated in December 2020. The CEB's Social Inclusion Bond framework, which is aligned with the ICMA Social Bond Principles, was updated in April 2020 to add the health sector to the list of eligible sectors.

► Trend in debt position

At 31 December 2020, the outstanding debt represented by securities, excluding interest payable, amounted to € 21.9 billion, up from € 20.5 billion at the end of the previous year.

In 2020, the Bank did not repurchase any of its long-term debt and did not make any early repayments. The breakdown of debt by maturity is shown in the graph below.

Long-Term Debt outstanding by maturity as of 31 December 2020

