



NextGenerationEU: European Commission completes the second successful bond issuance in 2022

Brussels, 22 March 2022

The European Commission has today raised a further €10 billion in NextGenerationEU funds through its second bond syndication of 2022. The 10-year bond, due on 06 July 2032, brings the total financing raised under the programme to €91 billion. This placement will continue to support Europe's economic recovery under the Recovery and Resilience Facility and the other EU-budget programmes funded through NextGenerationEU.

The Commission complemented this issuance with a further €2.17 billion, 15-year bond to fund back-to-back loans under the SURE programme for short-term employment. The funds will now be used to support short-term employment schemes in Poland, Portugal and Hungary.

Commissioner for Budget and Administration, Johannes **Hahn**, said: *"Despite increasingly challenging market conditions, we executed today's transaction on favourable terms. This reflects the EU's continued strength in the market and is a further testament of the EU's growing role as a reference benchmark instrument for the euro market. Today's transaction further enables the Commission to continue to support our Member States on their road to recovery from the Covid-19 pandemic and to increase their resilience to unforeseen circumstances."*

Using funds already raised under NextGenerationEU, the Commission has financed some €74 billion in Recovery and Resilience Facility payments to a number of Member States. As of end-December 2021, over €7 billion has further been allocated in support of other EU programmes key to Europe's successful navigation of the digital and green transitions and the building up of Europe's resilience.

Today's deal marks the 7th syndicated transaction the Commission has executed under NextGenerationEU and the second one in 2022. Out of the €91 billion in long term EU-bonds raised under the programme so far, €20 billion have been issued since January 2022. This represents 40% of the NextGenerationEU funding target for the first half of 2022 of €50 billion.

As laid out in its issuance calendar for the first half of the year, the Commission intends to execute a further three more syndicated transactions for NextGenerationEU by June 2022. Syndicated transactions will be complemented by further EU-bond auctions. Short-term funding will also continue to be raised in two EU-bills auctions per month, giving the Commission additional flexibility to meet its payment needs.

Background

NextGenerationEU is a temporary instrument bringing more than €800 billion in support to Europe's recovery from the coronavirus pandemic and building a greener, more digital and more resilient Europe.

To finance NextGenerationEU, the Commission will borrow around €800 billion in current prices on capital markets by the end of 2026. Of this total, €723.8 billion will be made available under the Recovery and Resilience Facility. An additional €83.1 billion will support key EU programmes.

To raise the necessary funding under the best possible market conditions, the Commission is implementing [a diversified funding strategy](#). This strategy combines the use of different funding techniques with an open and transparent communication to market participants. This facilitates the market's absorption of the funding programme while at the same time giving the Commission the ability to react quickly to any market turbulence.

The SURE instrument, set up in 2020 to protect jobs and support families affected by the pandemic, has been an important part of the EU's response to the COVID-19 crisis. Under the initiative, the Commission borrowed €89.64 billion between October 2020 and May 2021, which it provided in loans to 19 Member States, out of €94.3 requested and approved so far. Other Member States can submit requests to receive support under SURE, which can still provide almost €6 billion in financial assistance.

Technical section

2nd NextGenerationEU bond syndication for 2022

The 10-year bond carries a coupon of 1% and came at a re-offer yield of 1.02% providing a spread of -15 bps to mid-swaps, which is equivalent to 49 bps over the 10 year Bund due in February 2032 and to 4.5 bps over the 10-year OAT due in May 2032.

The final order book was of over €59 billion, which meant that the bond has been nearly 6 times oversubscribed.

SURE bond

The 15-year bond carries a coupon of 1.125% and came at a re-offer yield of 1.199% providing a spread of -8 bps to mid-swaps, which is equivalent to 55.9 bps over the 15 year Bund due in May 2036 and to 4.9 bps over the 15-year OAT due in May 2036.

The final order book was of €35 billion, which meant that the bond has been over 16 times oversubscribed.

The joint lead managers of this transaction were Barclays, BNP Paribas, Deutsche Bank, Goldman Sachs and Morgan Stanley.

Investors' profile *

2nd NextGenerationEU bond syndication for 2022

By Geography:

	% Total
Asia	18.1%
Benelux	12.2%
France	10.4%
Germany	10.1%
Iberia	3.1%
Italy	7.6%
Nordics	13.1%
Other Europe	3.3%
Rest of World	5.2%
Switzerland	1.6%
UK	15.3%
TOTAL	100.0%

By Investor Type:

	% Total
Bank Treasuries	28.4%
Banks	7.8%
Central Banks / Official Institutions	31.1%
Fund Managers	23.5%
Hedge Funds	1.9%
Insurance and Pension Funds	7.3%
TOTAL	100.0%

SURE bond**By Geography:**

	% Total
Germany	20.3%
Italy	18.9%
France	15.2%
Benelux	14.2%
UK	11.4%
Switzerland	5.4%
Nordics	5.2%
Iberia	3.8%
Other Europe	3.3%
Asia	1.3%
Rest of World	1.0%
TOTAL	100%

By Investor Type:

	Allocation
Fund Managers	35.7%
Bank Treasuries	28.6%
Insurance and Pension Funds	18.3%
Central Banks / Official Institutions	10.9%
Banks	5.1%
Hedge Funds	1.4%
TOTAL	100%

For More Information

[Press release funding plan January-June 2022](#)

[Q&A diversified funding strategy](#)

[EU funding plan January-June 2022](#)

[EU as a borrower website](#)

*Updated on 22.03.22 at 19:28

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