



European Bank
for Reconstruction and Development

EBRD successfully issues debut EUR 600mn 5-year Global Green Bond Press Release – 3rd January 2019

Final terms of the transaction

Issuer:	European Bank for Reconstruction and Development (EBRD)
Rating:	Aaa / AAA / AAA (all stable) (Moody's / S&P / Fitch)
Issue Amount:	EUR 600 million
Pricing Date:	3 rd January 2019
Settlement Date:	10 th January 2019
Maturity Date:	10 th January 2024
Re-Offer Price/Yield:	99.900% / 0.020%
Coupon:	0.000% (annual, Act/act)
Re-offer vs. mid-swaps:	-13bps
Re-offer vs. Benchmark:	OBL 0.000% October 2023 +39.9bps
Joint Bookrunners:	BofA Merrill Lynch, Crédit Agricole CIB, Morgan Stanley

Context of the transaction

On 3rd January 2019, the European Bank for Reconstruction and Development (EBRD), rated Aaa (stable) / AAA (stable) / AAA (stable), successfully issued its debut EUR-denominated Green Bond benchmark, a 5-year EUR 600mn Global transaction. The new issue is due on 10th January 2024, pays a coupon of 0.000% and priced with a spread of 13bps through mid-swaps, equivalent to +39.9 bps over the OBL 0.000% October 2023. BofA Merrill Lynch, Crédit Agricole CIB and Morgan Stanley acted as Joint Bookrunners.

This transaction represents EBRD's inaugural benchmark Green Bond in the EUR market, and its fourth benchmark-sized Green Bond. As one of the pioneers in the Green Bond market, EBRD's reputation and credibility is firmly established among the Sustainable & Responsible Investment ("SRI") community, who welcomed this opportunity to add the EBRD name to their EUR portfolios. Indeed, over two-thirds of the final deal was allocated to investors with a SRI focus. Targeting a size of EUR 500mn, EBRD also attracted demand from other high quality Central Bank and Bank Treasury investors, which saw the order book exceed €680mn. Fortunately, EBRD was able to be flexible in its sizing and upsize the transaction to EUR 600mn to satisfy demand, while still tightening the pricing.

For EBRD to effectively open the benchmark new issue market in EUR SSAs for 2019 might have been considered a surprise by some, however, the combination of a compelling credit story, a well-established reputation in the SSA market, and the added attraction of the Green Bond format proved to be a compelling formula to galvanise investors at the start of the new year, and EBRD was dynamic enough to take advantage of a relatively quiet window in the market.

EBRD Green Bond Programme

The proceeds of EBRD's environmental bonds are earmarked to support a specific portfolio of environmentally and socially sustainable projects (the Green Project Portfolio or GPP), which currently comprises investments in the following 5 areas: Energy Efficiency, Renewable Energy, Water Management, Waste Management and Air Pollution Prevention & Sustainable Transport. EBRD first started issuing Green Bonds in 2010 and its Green Project Portfolio includes 379 projects worth a total EUR 4.1bn based on operating assets as at 30th Sep 2018.

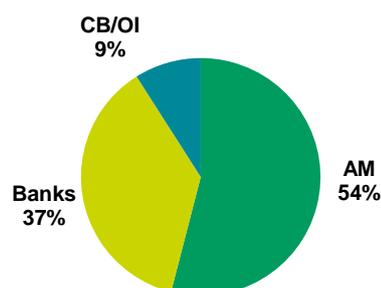
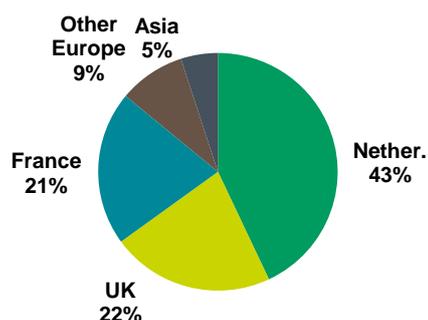
EBRD is one of the largest investors in environmental projects in its countries of operations, having invested over EUR 12.2 billion in energy efficiency, climate change and resource finance under its Sustainable Resource Initiative as at 3Q 2018.

Launch and execution process

- Taking the first mover's advantage in a quiet EUR primary market at the start of the year, the decision was taken to announce the mandate at 3:15pm London time on Wednesday 2nd January for a EUR 500mn 5-year fixed rated Green Bond transaction.
- The announcement was followed by the release of IPTs the following morning, and a global investor conference call, during which EBRD focused on its Green Bond Framework and adherence to the Green Bond Principles.
- Initial pricing thoughts (IPTs) were released at MS-12bps area at 8:00am London time on Thursday 3rd January. The Joint Lead Managers opened books at 10:00am London time with an official price guidance of MS-12bps area, in line with IPTs and Indications of Interest (Iols) in excess of EUR 400mn.
- Momentum continued growing during the morning, with high quality real money accounts across Europe placing their orders allowing for the spread to set tighter at MS less 13bps, as orders exceeded 680mn.
- With very limited pricing sensitivity, a testament to the quality of EBRD credit and green framework, books closed at noon, and the transaction priced at 3.30pm London time.
- The orderbook reflects the high quality and diversity of demand for EBRD Green Bonds. Investors with a commitment to sustainable investing represented a very strong proportion of the final allocation.

Distribution Statistics

Geography		Investor Type	
Netherlands	43%	AM	54%
UK	22%	Banks	37%
France	21%	CB/OI	9%
Other Europe	9%		
Asia	5%		



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