



Climate and Sustainability Awareness Bonds

Newsletter | June 2022

Sample image for the project [Ferrovie dello Stato rolling stock green bond](#), which received €217 million in CAB allocations in 2021 (unaudited data)



Issuance highlights

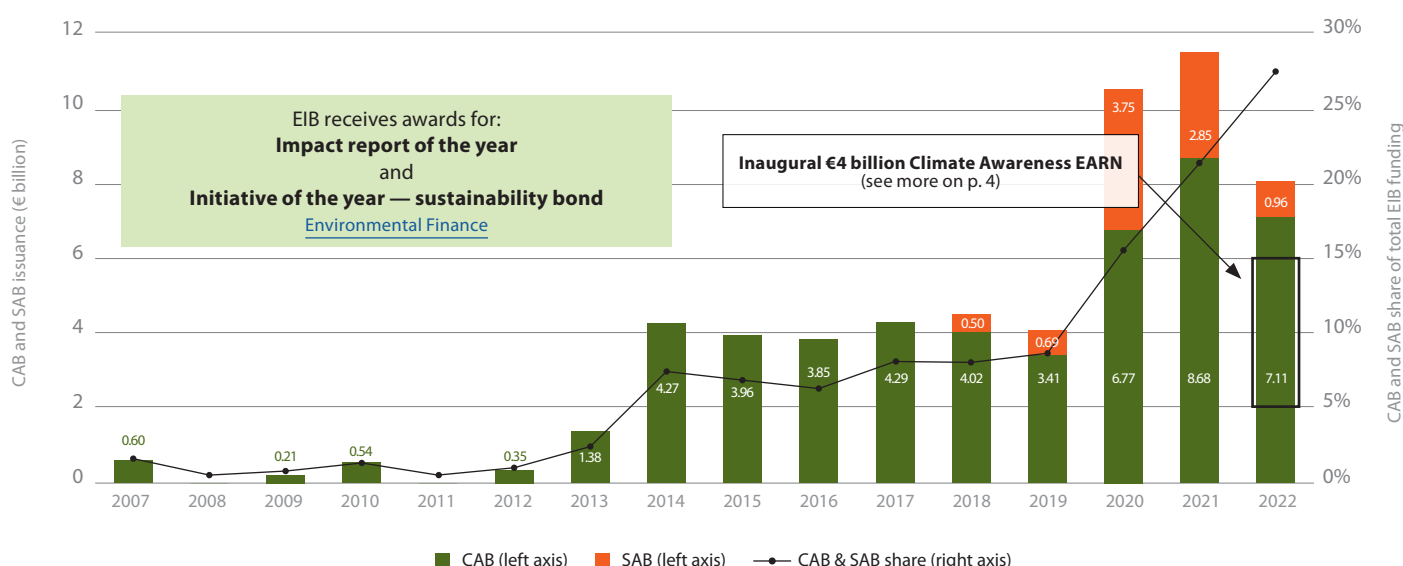
Largest-ever Climate Awareness Bond follows record sustainability funding in Australian and Canadian markets

The European Investment Bank's (EIB) sustainability funding kicked off the 2022 funding programme with a record-sized Sustainability Awareness Bond (SAB) in Australian dollars (1.5 billion). This bond is the largest-ever single tranche sustainability Kangaroo bond issued among sovereigns, supranationals and agencies and is the first public, book-built Sustainability Awareness Bond in the Australian market. This was followed by an outing in Canadian dollars with a 1.4 billion increase of the Climate Awareness Bond (CAB) due 2025. With CAD 2.5 billion outstanding, this line is now the largest supranational Maple green bond. Both transactions were underpinned by strong investor demand. The first new CAB line of the year was a €1 billion seven-year bond. It was more than seven times oversubscribed and added a 13th point to the EIB's green and sustainability euro curve.

EIB's first Climate Awareness Bond in Euro Area Reference Note (EARN) format is the largest-ever CAB and inaugurates a new approach to sustainability funding.

See more on page 4

The issuance of Climate Awareness Bonds and Sustainability Awareness Bonds amounts to the equivalent of €8.1 billion so far in 2022. Total issuance of these bonds since 2007 stands at €58.2 billion (across 22 currencies), making the EIB **the largest multilateral development bank issuer of green and sustainability bonds**.



Reporting for 2021



Climate Awareness Bond and Sustainability Awareness Bond issuance has to secure allocations to all eligible disbursements for any given set of CAB/SAB eligibilities decided by the EIB Projects Directorate.

Allocation of proceeds

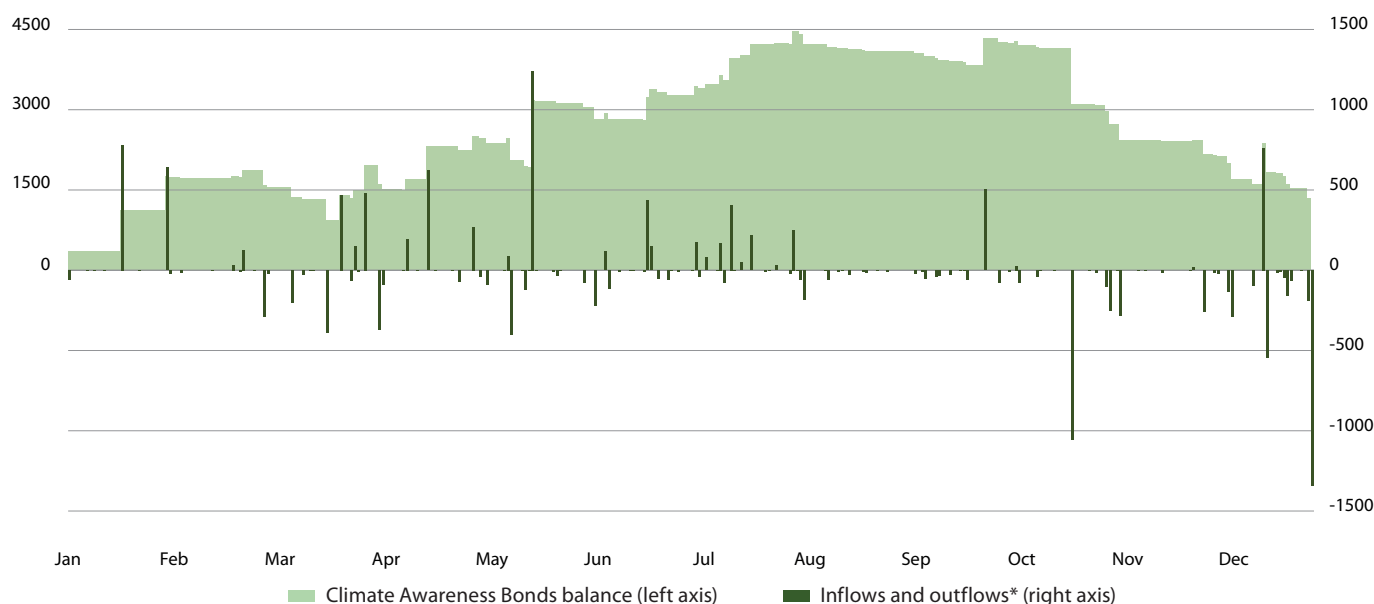
Climate Awareness Bonds

During 2021, the EIB issued €8.8 billion of Climate Awareness Bonds. In the course of the year, €9.3 billion of disbursements were found eligible for allocation of proceeds from issuance and €9.2 billion of the proceeds were allocated to such disbursements following the EIB's allocation procedures. The balance of unallocated proceeds in the treasury CAB portfolio amounted to €0.4 billion at the beginning of the year and to €0 at the end of the year.

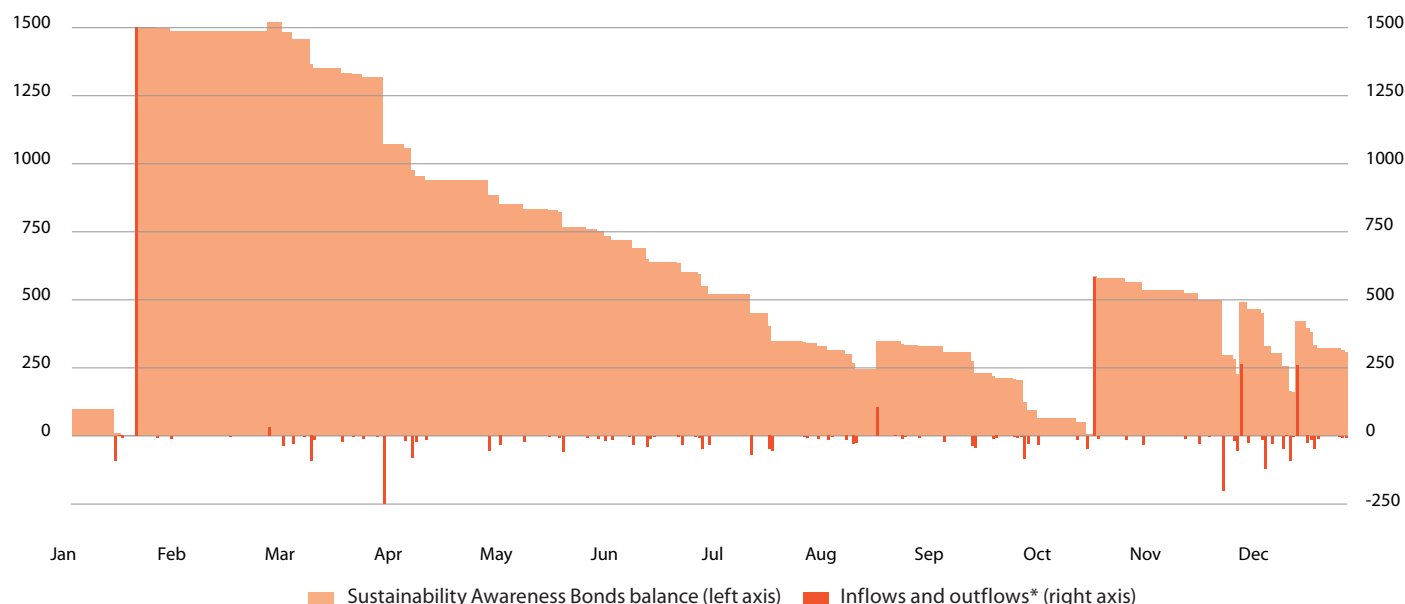
Sustainability Awareness Bonds

During 2021, the EIB issued €2.9 billion of Sustainability Awareness Bonds. In the course of the year, €2.7 billion of disbursements were found eligible for allocation of proceeds from SAB issuance and €2.7 billion of the proceeds were allocated to such disbursements following the EIB's allocation procedures. The balance of unallocated proceeds in the treasury SAB portfolio amounted to €0.1 billion at the beginning of the year and to €0.3 billion at the end of the year.

Climate Awareness Bond balance of unallocated proceeds (in € million)



Sustainability Awareness Bond balance of unallocated proceeds (in € million)



* Inflows are CAB/SAB issues and increase the balance. Outflows are allocations to CAB/SAB-eligible loan disbursements and decrease the balance.

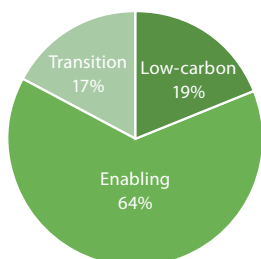
Use of proceeds



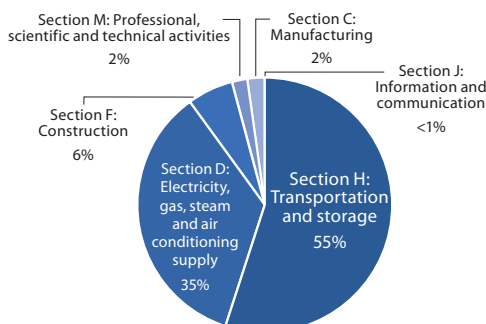
CAB proceeds are allocated to EIB lending for activities that substantially contribute to climate change mitigation.

Based on unaudited data for 2021, €9.2 billion was allocated to 106 projects in 33 countries. €8.5 billion of this was allocated to 86 projects in 18 EU Member States and €634 million to 20 projects in 15 countries outside the European Union.

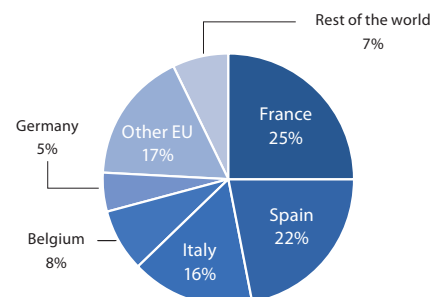
CAB allocation by type of contribution* to climate change mitigation



CAB allocation by NACE¹ macro sector



CAB allocation by geographical location

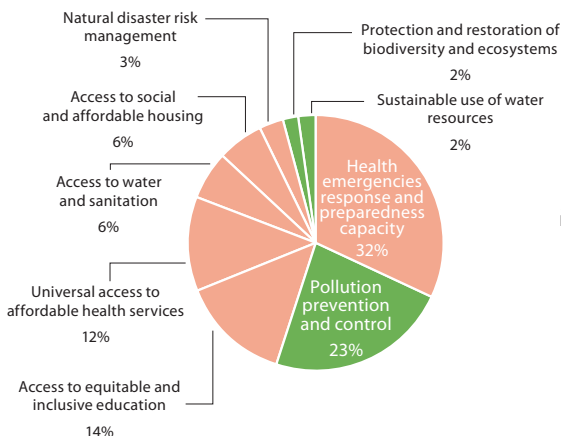


* The Technical Expert Group proposal for an EU Green Bond Standard usability guide requires a breakdown of allocations by the categories of "low-carbon", "transition" and "enabling". See [EU Taxonomy Regulation](#) Article 10(2) for a definition of "transition" activities and Article 16 for a definition of "enabling" activities.

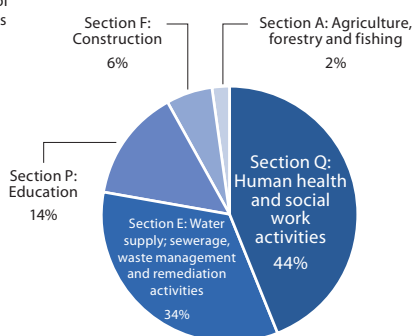
SAB proceeds are allocated to EIB lending for activities that substantially contribute to environmental and social sustainability objectives, beyond climate change mitigation.

Based on unaudited data for 2021, €2.7 billion was allocated to 92 projects in 35 countries. €1.6 billion of this was allocated to 61 projects in 14 EU Member States and €1.1 billion to 31 projects in 21 countries outside the European Union.

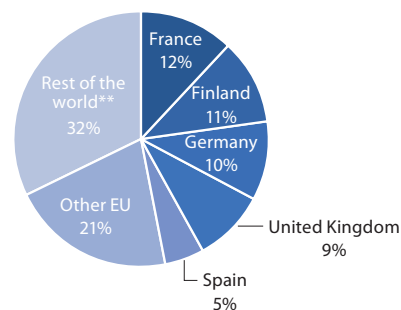
SAB allocation by sustainability objective



SAB allocation by NACE¹ macro sector



SAB allocation by geographical location



** Rest of the world includes regional SAB-eligible projects, which support various countries in Asia, Africa, the Caribbean, the Pacific and the Mediterranean.

Detailed allocation reports by project and by bond for 2021 (unaudited data) are available on the EIB's website:

- <https://www.eib.org/en/investor-relations/publications/all/eib-cab-projects-2021>
- <https://www.eib.org/en/investor-relations/publications/all/eib-sab-projects-2021>

CAB and SAB-eligible sustainability objectives — *status quo*

Objectives	Climate Awareness Bonds		Sustainability Awareness Bonds	
	Environmental		Environmental (other than climate change mitigation)	Social
	<ul style="list-style-type: none"> Climate change mitigation (2007) 		So far: <ul style="list-style-type: none"> Sustainable use and protection of water and marine resources (2018) Pollution prevention and control (2018) Protection and restoration of biodiversity and ecosystems (2021) 	So far: <ul style="list-style-type: none"> Access to water and sanitation (2018) Natural disaster risk management (2018) Access to equitable and inclusive education (end 2019) Universal access to affordable health services (end 2019) Health emergencies response and preparedness capacity (2020) Access to social and affordable housing (2021)

¹ NACE: *Nomenclature statistique des activités économiques dans la Communauté européenne*: Statistical Classification of Economic Activities in the European Community, the industry standard classification system used in the European Union.

EIB receives Environmental Finance 2022 Bond Awards

On 31 March 2022, following a review by a jury of more than 100 investors, Environmental Finance awarded the EIB:

- Initiative of the year (sustainability bond) for its SAB Framework; and
- Impact report of the year (for issuers) for its CAB/SAB impact reports.

The [awards](#) are a recognition of the Bank's role in demonstrating early and progressive application of the EU Taxonomy and the EU Green Bond Standard, as envisaged by the [report on Climate Awareness Bonds](#) from the EIB's Operations Evaluation Division.

In the 2020 CAB Framework and SAB Framework published in late 2021, the Bank aligned its CAB and SAB impact reports with the requirements of the EU Green Bond Standard proposed by the European Commission's Technical Expert Group on Sustainable Finance. These impact reports now include project information on NACE macro sectors and the type of contribution to sustainability objectives, such as "low-carbon," "transition" and "enabling" activities for Climate Awareness Bonds. The reports were also enriched with impact indicators for new projects following the eligibility extensions under Climate Awareness Bonds (to low-carbon transport and innovative low-carbon manufacturing and research, development and innovation) and Sustainability Awareness Bonds (to education and health, including COVID-19-related projects).

"The encompassing of the latest publications, standards and principles establishes best practice. But with the commitment to future publications embedded within the framework, this entry is pushed to the forefront of thinking, and from the institution which established the first issue back in May 2007 that began the green bond market revolution."

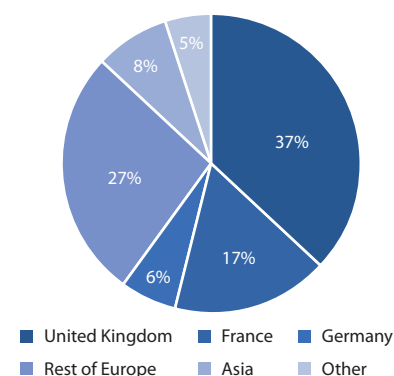
Environmental Finance bond awards judge

Climate Awareness Bond in EARN format takes sustainability funding into the mainstream

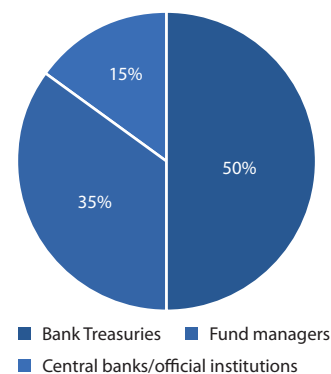
The progressive alignment of the European Investment Bank's green lending with the EU Taxonomy Regulation is driving sustainability funding volumes, as proceeds from Climate Awareness Bonds and Sustainability Awareness Bonds are allocated to disbursements to such lending activities. In response to growing volumes of eligible disbursements and investor demand for larger, more liquid bonds, the Bank has decided to start issuing Climate Awareness Bonds in Euro Area Reference Note (EARN) format, which typically have a minimum size of €3 billion.

The inaugural [Climate Awareness EARN](#) was announced on 16 May 2022. Order books formally opened early on 17 May with price guidance of mid-swaps less 17 basis points area. Following strong investor reception, the spread was eventually set at mid-swaps less 19 basis points, and the final order book was in excess of €23 billion. The transaction was sized at €4 billion, making it the **largest Climate Awareness Bond ever issued by the EIB**. The share of sustainability funding has thus reached 27% of the Bank's total funding volume year-to-date.

Demand by region



Demand by investor type



Summary of terms and conditions

Issue amount	€4 billion
Pricing date	17 May 2022
Payment date	24 May 2022 (T+5)
Maturity date	15 June 2032
Coupon	1.5% annual, Actual/Actual ICMA
Re-offer spread	M5-19bp
Fees	0.175%
Listing	Luxembourg Stock Exchange
Lead managers	BofA Securities, BNP Paribas, J.P. Morgan and NatWest Markets
Co-lead managers	Banca Akros, Banco Santander, DZ Bank and LBBW

CABs and SABs — key facts

- ✓ **Early and progressive alignment:** with EU Taxonomy and EU Green Bond Standard
- ✓ **Compliance:** with Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines
- ✓ **Univocal classification:** allocations are attributed to just one primary sustainability objective, with no double counting
- ✓ **Ongoing review of eligibilities:** determination at loan approval, reassessment at loan disbursement
- ✓ **Transparency:** allocations are automated and only to new disbursements, with no refinancing
- ✓ **Accountability:** yearly reporting on use of proceeds (bond by bond) and environmental/social impact (project by project)
- ✓ **Reliability:** Independent Reasonable Assurance Report by KPMG (ISAE 3000)
- ✓ **AAA-credit merit:** senior unsecured bonds that rank *pari passu* with other EIB bonds
- ✓ **Leadership among peers:** largest MDB issuer of green and sustainability bonds with €58.2 billion issued in 22 currencies

Disclaimer

This document is presented for information purposes only. It constitutes neither an offer of, nor an invitation to purchase, securities, nor is the information presented herein meant to serve as a basis for any kind of obligation, contractual or otherwise. Securities issued by the EIB may not be offered or sold in the United States nor to US persons outside the United States unless registered under US securities laws. Similar restrictions may apply in other countries. This document contains forward-looking statements that are based on expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties which are difficult to predict. Actual future events and trends may differ materially from what is forecast in such statements. This document speaks only as of its date; the EIB does not undertake to update it to reflect events, circumstances or changes in expectations after such date.

European Investment Bank
Sustainability Funding Team
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
sustainabilityfunding@eib.org