

EFSF reacts to recent developments with the announcement of a one-year bond

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Press releases

EFSF

Luxembourg – European Financial Stability Facility (EFSF) announces the launch of a one-year bond in the near future, subject to market conditions. Christophe Frankel, EFSF's Chief Financial Officer & Deputy CEO said. "Launching a one-year bond means that we can react to strong market demand on the short end and provide investors with an alternative to the planned 3-year bond."

EFSF's initial plan to issue a 3-year benchmark bond last week was postponed due to last week's rating action by Moody's which reduced France's long-term debt rating from Aaa to Aa1. EFSF's Deeds of Guarantee require that EFSF's new issues, at the date of the issue, are covered 100% by guarantees of Member States with a rating, by each of the credit rating agencies, similar or better than the EFSF's own rating. As a consequence of Moody's rating decision on France, EFSF's new long-term issuances (currently rated Aaa by Moody's) would no longer satisfy this criteria.

EFSF has been assigned the highest quality short-term rating by all three credit rating agencies – Standard & Poor's 'A-1+', Moody's P-1 and Fitch Ratings 'F1+'. The lead managers mandated for this transaction are J.P. Morgan, Morgan Stanley and Natixis.

About EFSF

The European Financial Stability Facility (EFSF) was incorporated in Luxembourg on 7 June 2010. Its objective is to preserve financial stability of Europe's Economic and Monetary Union by providing financial assistance to euro area Member States in difficulty. In order to fulfil its mission, the EFSF is authorised to issue bonds or other

debt instruments on the market to raise funds needed to provide loans to countries in financial difficulties, intervene in the debt primary and secondary markets, act on the basis of a precautionary programme and finance recapitalisations of financial institutions through loans to governments including in non-programme countries. All financial assistance to Member States is linked to appropriate conditionality. EFSF issues area backed by guarantees given by euro area Member States of up to €780 billion. EFSF has a lending capacity of €440 billion.

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