

# EFSF holds first tap via auction

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09/05/2012

Press releases

EFSF

Luxembourg - European Financial Stability Facility today held its first tap via auction.

The auction was in relation to the reopening of the 5-year bond which was initially placed on 21 March 2012 for an amount of €4 billion. Today's auction raised an additional €960 million. Investor demand was high with over €2.6 billion in bids received.

The weighted average price was 100.80% and the average yield was 1.83%. The bid/cover ratio was 2.7.

Christophe Frankel, Deputy CEO and CFO stated, "Following investor demand and according to our previous commitment, it was obvious for us to use an auction in this specific situation. For the EFSF, this is a cost-efficient way of raising a relatively limited amount of €1 billion. For investors in this bond, it will provide extra liquidity."

The funds raised will be used to support the financial assistance programmes for Ireland, Portugal and Greece. In November 2011, EFSF adopted a new diversified funding strategy. One consequence of this strategy is that funds are no longer attributed to a particular country. The funds are pooled and then disbursed to the programme countries.

## **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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