EFSF mandates Barclays Capital, Deutsche Bank and HSBC as joint lead managers for second issue

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EFSF

Luxembourg – The European Financial Stability Facility (“EFSF”) announces the appointment of Barclays Capital, Deutsche Bank and HSBC as joint lead managers for its second issue due to be launched later this month, subject to market conditions. The three institutions were selected from the 46 banks that comprise the EFSF Market Group.

Christophe Frankel, Deputy CEO and CFO of EFSF commented “the lead managers were appointed following a rigourous and transparent selection process held in collaboration with the German Debt Management office (Finanzagentur)”.

The expected €5 billion 10-year benchmark issue will be the first issue made by the EFSF in support of the financial assistance programme for Portugal.

A second issue, expected to be a €3 billion bond with a 5-year maturity, in support of the programme for Portugal is scheduled before the summer break. The lead managers for this bond will be announced shortly before the issuance.

EFSF made its inaugural issue in January of this year when it placed a €5 billion 5-year benchmark issue in support of the financial assistance programme for Ireland.

The financial assistance programme for Portugal

Following the formal request for financial assistance made on 7 April by the Portuguese authorities, the terms and conditions of the financial assistance package were agreed by the Eurogroup and the EU’s Council of Economics and Finance Ministers on 17 May 2011. The financial package will cover Portugal’s financing needs of up to €78 billion. The European Union, through the European Financial Stabilisation Mechanism (EFSM) and the EFSF will each provide up to €26 billion[1] to be disbursed over 3 years. Further support will be made available through the IMF for up to €26 billion, as approved by the IMF Executive Board on 20 May.

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 temporary financial assistance to euro area Member States in difficulty. In order to reach its objective EFSF can - with the support of the German Debt Management Office (DMO) – issue bonds or other debt instruments on the market to raise the funds needed to provide loans to countries which submit a request. Issues are backed by guarantees given by euro area Member States of up to €440 billion.

EFSF is part of a wider safety net. Its funds are combined with loans of up to €60 billion coming from the European Financial Stabilisation Mechanism (EFSM), i.e. funds raised by the European Commission and guaranteed by the EU budget, and up to €250 billion from the International Monetary Fund (IMF) for an overall rescue package worth up to €750 billion. Any financial assistance by EFSF, EFSM and IMF to a country in need is linked to very strict policy conditions.

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[1] *Due to its structure of overguarantees and cash buffer, EFSF would need to raise an amount above that of its disbursements. Please see investor presentation for further details*

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