

ESM issues inaugural long-term bond

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08/10/2013

Press releases

ESM

Luxembourg – The European Stability Mechanism (ESM) launched today its long-term funding programme with a €7 billion 5-year benchmark bond with a coupon of 1.25%, maturing on 15 October 2018. The issuance spread at reoffer was fixed at mid swap minus 1 basis point. This implies a reoffer yield for investors of 1.288%.

Investor interest was exceptionally strong, with an order book of close to €21 billion from more than 200 investors worldwide. HSBC, J.P. Morgan and SGCIB acted as lead managers for this inaugural issue.

Klaus Regling, Managing Director of the ESM, said: “I am very happy with the success of our inaugural bond issue. I expect the ESM will continue to attract a wide range of investors, who should be particularly encouraged by its robust capital structure. A major feature of that structure is €80 billion of paid-in capital, a level we will reach in April next year and which will be the highest of any international financial institution worldwide.”

The ESM was founded one year ago on 8 October 2012. It has been regularly issuing 3- and 6-month bills since January 2013. Today’s issue, a syndicated transaction, inaugurates the ESM’s long-term funding programme, which is expected to amount to €9 billion in 2013 and €17 billion in 2014. In parallel, the EFSF will remain very active in the long-term bond market in order to finance the ongoing programmes for Portugal, Ireland and Greece and roll over existing debt until all loans have been repaid.

Christophe Frankel, CFO and Deputy Managing Director added: “We will concentrate on building up a yield curve across all segments. The ESM will build its own yield curve irrespective of the EFSF. These will be two completely separate issuers, each with their own maturity profile.”

Contacts

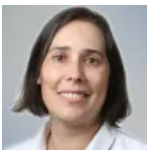


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