European Financial Stability Facility
&
European Stability Mechanism

January 2017
Contents

1. EFSF & ESM: key features, structure and instruments

2. EFSF & ESM: Lending and Funding activities

3. Why Invest in EFSF & ESM?

4. EFSF & ESM recent transactions & performance

5. Appendix
IMPORTANT: YOU ARE ADVISED TO READ THE FOLLOWING CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE MATERIALS THAT FOLLOW.

This presentation (the “Presentation”) has been prepared by and is the sole responsibility of the European Financial Stability Facility (the “EFSF”) & the European Stability Mechanism (the “ESM”), and has not been verified, approved or endorsed by any lead auditor, manager, bookrunner or underwriter retained by EFSF or ESM.

The Presentation is provided for information purposes only and does not constitute, or form part of, any offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to underwrite, subscribe for or otherwise acquire or dispose of, any debt or other securities of EFSF or ESM (the “Securities”) and is not intended to provide the basis for any credit or any other third party evaluation of Securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct offering materials (the “Offering Materials”) and any decision to purchase or subscribe for any Securities pursuant to such offer or invitation should be made solely on the basis of such Offering Materials and not on the basis of the Presentation.

The Presentation should not be considered as a recommendation that any investor should subscribe for or purchase any Securities. Any person who subsequently acquires Securities must rely solely on the final Offering Materials published by EFSF or ESM in connection with such Securities, on the basis of which alone purchases of or subscription for such Securities should be made. In particular, investors should pay special attention to any sections of the final Offering Materials describing any risk factors. The merits or suitability of any Securities or any transaction described in the Presentation to a particular person’s situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the Securities or such transaction.

The Presentation may contain projections and forward-looking statements. Any such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause EFSF’s or ESM’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any such forward-looking statements will be based on numerous assumptions regarding EFSF’s and ESM’s present and future strategies and the environment in which the EFSF or ESM will operate in the future. Further, any forward-looking statements will be based upon assumptions of future events which may not prove to be accurate. Any such forward-looking statements in the Presentation will speak only as at the date of the Presentation and EFSF and ESM assume no obligation to update or provide any additional information in relation to such forward-looking statements.

The Presentation must not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose without the prior written consent of EFSF or ESM.

The Presentation is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

EFSF (RCS Luxembourg B153414) and ESM, with their registered office and seat respectively at 6a, Circuit de la Foire Internationale, L-1347 Luxembourg
# Financial Backstops – EFSF and ESM Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 June 2010</td>
<td><strong>European Financial Stability Facility (EFSF)</strong> was created</td>
<td>with guarantee commitments of €440 billion</td>
</tr>
<tr>
<td>28 November</td>
<td>Agreement of financial assistance programme for Ireland (€85 billion)</td>
<td></td>
</tr>
<tr>
<td>17 May 2011</td>
<td>Agreement of financial assistance programme for Portugal (€78 billion)</td>
<td></td>
</tr>
<tr>
<td>20 June 2011</td>
<td>Agreement by euro zone and EU finance ministers to increase</td>
<td>EFSF effective lending capacity to €440 billion (and guarantee</td>
</tr>
<tr>
<td></td>
<td>EFSF effective lending capacity to €440 billion (and guarantee</td>
<td>commitments to €780 bn)</td>
</tr>
<tr>
<td>21 July 2011</td>
<td>EFSF effective lending capacity to €440 billion (and guarantee</td>
<td>commitments to €780 bn)</td>
</tr>
<tr>
<td>2 February 2012</td>
<td><strong>European Stability Mechanism (ESM)</strong> Treaty signed</td>
<td></td>
</tr>
<tr>
<td>14 March 2012</td>
<td>Second Greek programme formally approved by Euro Working Group</td>
<td></td>
</tr>
<tr>
<td>20 July 2012</td>
<td>Eurogroup grants financial assistance to Spain’s banking sector</td>
<td></td>
</tr>
<tr>
<td>8 October 2012</td>
<td><strong>ESM</strong> inaugurated</td>
<td></td>
</tr>
<tr>
<td>29 November 2012</td>
<td>Financial Assistance Facility Agreement with Spain (€100 billion)</td>
<td></td>
</tr>
<tr>
<td>1 January 2013</td>
<td>All staff now ESM (but also work for EFSF)</td>
<td></td>
</tr>
<tr>
<td>8 January 2013</td>
<td>ESM launches its short term programme with its 1st bill auction</td>
<td></td>
</tr>
<tr>
<td>8 May 2013</td>
<td>Financial Assistance Facility Agreement with Cyprus (€9 billion)</td>
<td></td>
</tr>
<tr>
<td>1 July 2013</td>
<td>EFSF may no longer finance new programmes nor enter into new loan</td>
<td>facility agreements</td>
</tr>
<tr>
<td>8 October 2013</td>
<td>ESM launched its long term funding programme with a €7 billion</td>
<td>5-year benchmark bond</td>
</tr>
<tr>
<td>8 December 2013</td>
<td>Ireland successfully exits</td>
<td>EFSF financial assistance programme</td>
</tr>
<tr>
<td>31 December 2013</td>
<td>Spain successfully exits</td>
<td>ESM financial assistance programme</td>
</tr>
</tbody>
</table>
Financial Backstops – EFSF and ESM Timeline (cont)

2014

13 March  Latvia becomes 18th Member of ESM
30 April  ESM reaches target level of €80 billion in paid-in capital
18 May  Portugal successfully exits EFSF financial assistance programme
7 July  ESM Board of Directors (BoD) approves Spain’s request to make an early repayment of €1.3 billion
19 December  Technical extension of EFSF financial assistance programme for Greece until 28/02/2015

2015

3 February  Lithuania becomes 19th Member of ESM
27 February  EFSF BoD extends MFFA for Greece until 30/06/2015
10 March  ESM BoD approves Spain’s second request for make an early repayment (€1.5 billion)
10 March  ESM issues first ever negative yield for syndicated euro SSA benchmark
30 June  EFSF financial assistance programme for Greece expires
2 July  ESM BoD approves Spain’s request to make its third early repayment for an amount of €2.5billion
19 August  ESM Board of Governors (BoG) approves ESM programme for Greece (up to €86 billion)
19 November  ESM Board of Directors (BoD) sets the maximum authorised maturity for ESM borrowing transactions at 45 years

2016

31 March  Cyprus successfully exits ESM financial assistance programme
## EFSF & ESM: overview

<table>
<thead>
<tr>
<th>Legal Structure</th>
<th>Private company under Luxembourg law</th>
<th>Inter-governmental institution under international law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework</td>
<td>Lending June 2010-June 2013 Funding until 2054</td>
<td>Permanent institution</td>
</tr>
<tr>
<td>Capital structure</td>
<td>Backed by guarantees of euro area Member States</td>
<td>Subscribed capital of €704.8bn* €80.55bn in paid-in capital €624.3bn in committed callable capital</td>
</tr>
<tr>
<td>Maximum Lending capacity/ Outstanding loans</td>
<td>€174.6 bn outstanding loans to Ireland, Portugal &amp; Greece</td>
<td>€500bn €72.7 bn outstanding loans (€127 bn total commitment)</td>
</tr>
<tr>
<td>Creditor status</td>
<td>Pari passu</td>
<td>Preferred creditor status (after IMF)**</td>
</tr>
<tr>
<td>Credit Rating</td>
<td>AA (stable) / Aa1 (stable) / AA (stable)</td>
<td>- / Aa1 (stable) / AAA (stable)</td>
</tr>
<tr>
<td>Risk Weighting / HQLA designation</td>
<td>0% Risk Weighted / High Quality Liquid Asset for LCR***</td>
<td></td>
</tr>
</tbody>
</table>

* The initial subscribed capital of €700 bn has increased since the accession of Latvia in March 2014 and Lithuania in February 2015
** For the financial assistance for recapitalisation of the Spanish banking sector, pari passu will apply
*** Regulation (EU) no. 575/2013 (Capital Requirements Regulation), Article 118. Following a decision published by the Basel Committee on Banking Supervision on 18 March 2014, EFSF & ESM securities will be included in the list of entities receiving a 0% risk weighting under Basel II, as well as received HQLA categorisation for Liquidity Coverage Ratio computation under Basel III
ESM Robust Capital Structure: backed by €704.88* bn subscribed capital

- Maximum Lending Capacity: €500 billion
- Total Commitments: €127 billion
- Outstanding lending capacity: €373 billion
- Paid-in Capital: €80.55 bn*
  - Not available for on-lending
  - Prudent and conservative investment policy
- Committed Callable Capital: €624.33 bn*
  - Emergency capital call
    - ESM MD shall make emergency capital call to avoid default on any ESM payment obligation (to be paid within 7 days of receipt)
  - Capital call to restore level of paid-in capital
    - ESM Board of Directors can make a capital call to restore level of paid-in capital if reduced due to loss absorption
  - General capital call
    - ESM Board of Governors may call in capital at any time

* The initial subscribed capital of €700 billion has increased since the accession of Latvia in March 2014 and Lithuania in February 2015. Paid-in capital has been increased by €0.55 bn and committed callable capital has been increased by €4.33 bn
E SM and EFSF Lending

EFSF - €174.6 billion outstanding loans

- Ireland: €17.7bn, Weighted average maturity: 20.8 years, Final maturity: 2042
- Portugal: €26bn, Weighted average maturity: 20.8 years, Final maturity: 2040
- Greece: €130.9bn, Weighted average maturity: 28.1 years, Final maturity: 2054

ESM - €500 billion overall lending capacity

- Recap of Spanish banks - outstanding loan: €86bn
- Cyprus: €6.3bn, Weighted average maturity: 14.92 years, Final maturity: 2027
- Greece: €34.7bn, Weighted average maturity: 31.97 years (as at 26/10/16), Final maturity: 2054

Recapitalisation of Spanish banking sector

- Date Agreed: November 2012
- Concluded: December 2013
- Amount disbursed: €41.3bn
- Weighted average maturity: 12.5 years
- Final maturity: 2027

Cyprus

- Date Agreed: March 2013
- Concluded: March 2016
- Amount disbursed: €6.6bn
- Weighted average maturity: 14.92 years
- Final maturity: 2031

Greece

- Date Agreed: August 2015
- Duration: Until August 2018
- Amount committed: up to €86bn
- Amount disbursed: €31.7bn (as at 26/10/16)
- Weighted average maturity: 31.97 years* (as at 26/10/16)
- Final maturity: 2059

*excluding bank recap loans

NB: weighted average maturities are calculated from programme inception
ESM programme for Greece

- ESM Board of Governors approved new financial assistance programme for Greece on 19 August 2015
- ESM will provide **up to €86 billion** in loans to Greece over 3 years
- **€31.7 billion disbursed** (as at November 2016)
- Loans will be used for:
  - debt service
  - bank recapitalization
  - arrears clearance
  - budget financing
- Maximum weighted average maturity of loans: **32.5 years**
- IMF expected to contribute to programme after European creditors adopt debt relief measures
- **Memorandum of Understanding (MoU)** specified policy measures to address main challenges facing the Greek economy: restoring fiscal sustainability; safeguarding financial stability; enhancing growth, competitiveness and investment; developing a modern state and public administration
- Privatisation fund to be set up
  - State assets to be sold, targeted value of €50 bn
  - Proceeds will be used to repay ESM, to decrease debt and fund investment
  - Fund will be managed by Greek authorities under supervision of European institutions
ESM: mission and scope of activity

Mission: to safeguard financial stability in Europe by providing financial assistance to euro area Member States

**Instruments**

- Loans
- Primary Market Purchases
- Secondary Market Purchases
- Precautionary Programme
- Bank recapitalisations through loans to governments
- Direct bank recapitalisation

All assistance is linked to appropriate conditionality

ESM and EFSF finance their activity by issuing bonds and other debt instruments
Both issuers present in debt markets for many years to come

- After completion of the programmes, EFSF and ESM will continue to issue in order to roll over the existing debt
- Both EFSF and ESM funding programmes will also roll over the cashless bond transactions issued so far
- Once outstanding debt and loans have been repaid, EFSF will close down

Source: ESM at 31/12/2016
EFSF & ESM: Lending & Funding
### EFSF/ESM Lending programme [as of 22 November 2016]

<table>
<thead>
<tr>
<th>Countries</th>
<th>Total programme</th>
<th>Programme funded by EFSF</th>
<th>Current outstanding under EFSF*</th>
<th>Remaining Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland*</td>
<td>85.00</td>
<td>17.70</td>
<td>17.70</td>
<td>0.00</td>
</tr>
<tr>
<td>Portugal*</td>
<td>78.00</td>
<td>26.00</td>
<td>26.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Greece</td>
<td>164.40</td>
<td>130.91**</td>
<td>130.91</td>
<td>0.00</td>
</tr>
</tbody>
</table>

- **Budget, financing (Cash)**
- **Bank Recap (Cashless)**
- **PSI Sweetener (Cashless)**
- **Accr. Interests (Cashless)**
- **Debt Buy Back (Cashless)**

- Total 327.40 174.61 174.61 0.00

* Figures do mention the net disbursed amount for PT & IE, being the net loan amount minus the upfront fees and issuance costs paid by the beneficiary MS to the EFSF at inception of the loan. Both are conventions for these countries. The net loan amount lent to IE and PT set in total Eur 2 bn higher. Contrarily the facility refers to the net loan amount for GR.

** The initial programme amount for Greece was EUR 144.6 bn. This final amount is derived by excluding the undisbursed amount of EUR 0.95 bn of the PSI facility as well as EUR 10.93 bn “Bank Recapitalization Installment” and EUR 1.81 bn installment of the MFFA, whose availability periods have ended and are therefore no longer available.

### ESM

<table>
<thead>
<tr>
<th>Countries</th>
<th>Total programme **</th>
<th>Programme funded by ESM **</th>
<th>Current outstanding under ESM ***</th>
<th>Remaining Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain* (Bank Recap)</td>
<td>41.33</td>
<td>41.33</td>
<td>34.72</td>
<td>0.00</td>
</tr>
<tr>
<td>Cyprus****</td>
<td>10.00</td>
<td>8.97</td>
<td>6.30</td>
<td>0.00</td>
</tr>
</tbody>
</table>

- **Budget financing and Bank Recap (Cash)**
- **Bank Recap (Cashless)**

- Greece 86.00 86.00 31.70 54.30

- **Budget Financing & Debt Servicing (Cash)**
- **Bank Recap (Cashless)**
- **Programme buffer**

- Total 137.33 136.30 72.72 54.30

* Disbursements were made in-kind. All notes have now been exchanged for cash.

** Currently the entire €86 bn programme for Greece is shown as funded by the ESM; however the final participation is expected to be lower for two reasons: (i) due to alternative sources of financing (in particular IMF). ESM lending figures will be adjusted upon first programme review and when IMF participation will become clearer; (ii) possibly less bank recapitalization needed than initially expected.

*** Initial programme amount for SP was €100 billion out of which €41.3 was disbursed during Availability Period. Availability period has ended on 31/12/13.

**** SP has voluntarily prepaid €1.3 billion on 08/07/14, €1.5 billion on 17/03/15, €2.5 billion on 14/07/15 and €1 bn on 11/11/16 and made a scheduled repayment of €0.3 billion on 23/07/14.

***** Following expiration of Availability Period on 31 March 2016, remaining EUR 2.67 bn installment is no longer available for disbursement.
On 5 December, the Eurogroup approved short-term measures for Greece.

Consequently, the combined funding for EFSF & ESM will now be €57 billion

- €40 billion for EFSF
- €17 billion for ESM
EFSF & ESM Funding Strategy

- EFSF and ESM have the same funding strategy and same funding team but act as different entities
- Providing beneficiary countries with funding at best conditions with priority given to
  - mitigating liquidity and interest rate risk
  - proposing the best balance between costs and maturities

Funding strategy

Short term funding
- Regular bill programme (ESM only)
- Unsecured money market

Long term funding
- Highly liquid benchmark bonds
  - Up to 45 year ESM, (< 2054 for EFSF)
  - Taps possible
  - Via syndications, auctions
  - Private placements
  - Non euro currencies envisaged
  - N-Bonds

Fund pool
- Funds are not attributed to one country but pooled
- Each entity has one unique rate for all countries

Cashless transactions
- Issue & Repurchase Process

Diversified Funding Strategy
A New Funding Tool for EFSF and ESM: N-Bonds

Namensschuldverschreibungen: N-bonds are an additional funding tool to EFSF’s and ESM’s funding activities

Description:
- N-Bonds are registered Bonds under German law issued in private placements
- The objective is to improve the structure of the debt portfolio and to further diversify the existing investor base
- Traditionally a ‘Buy and Hold’ product
- Used as an additional tool to Benchmark Issuance

Characteristics:
- Issuer: ESM / EFSF
- Minimum Issue size: EUR 25m
- Maturity*: ESM up to 45y, EFSF < 2054
- Frequency: Issuance via reverse enquiry
- Distribution: Via Members of EFSF/ESM Market Group

Amount raised in EFSF & ESM N-Bonds
€695 million
*At end December 2016

*N-bond maturity issuance is dependant on the longest loan issued under ESM and EFSF respectively. ESM also has a fixed maximum limit of 45 years
Why invest in EFSF & ESM?
The advantage of EFSF & ESM: government-style strategic funding

- **ESM Regular bill programme** – announced in advance for each quarter

- **Large benchmark transactions** – targeted final outstanding amount

- **Taps of existing bonds**

- **Use of syndications and auctions**

- **High transparency of funding activity** – auctions and possible execution weeks announced in our newsletter in advance for each quarter

=> differentiates us from other SSA issuers

=> offers an alternative to government bonds
The advantage of EFSF & ESM: performance

- The EFSF performance can be compared with a risk weighted basket of the 6 highly-rated guarantors.
- ESM’s issuances benefit from a very robust capital structure, which can also be measured versus the same basket for comparative purposes.

<table>
<thead>
<tr>
<th>Core guarantors</th>
<th>Adjusted Cont. Key</th>
<th>Over-guaranteed Cont. Key</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>29.13%</td>
<td>46.74%</td>
</tr>
<tr>
<td>France</td>
<td>21.88%</td>
<td>35.10%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>6.13%</td>
<td>9.84%</td>
</tr>
<tr>
<td>Austria</td>
<td>2.99%</td>
<td>4.79%</td>
</tr>
<tr>
<td>Finland</td>
<td>1.93%</td>
<td>3.09%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>0.27%</td>
<td>0.43%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>
ESM and EFSF bonds are highly liquid and supported by our market group of 39 banks.

Overall, the turnover of EFSF and ESM has not been hit too much due to QE. Quarterly turnover is around €30 bn for both institutions. Ticket sizes are good as well.
EFSF & ESM vs France and Germany Bond Curves

Source: Bloomberg, 2 January 2017
EFSF & ESM: Solid and Diversified Investor Base

Geographical Breakdown

- Asia: 18%
- Euro area: 53%
- Rest of Europe: 6%
- UK&Switzerland: 4%
- Middle East & Africa: 1%
- Americas: 18%

Breakdown by Investor Type

- Central Banks/Govt/SWFs: 29%
- Fund managers: 5%
- Banks: 39%
- Pension funds/Ins: 26%
- Other: 1%

*Total breakdown includes all EFSF & ESM syndicated bond issues at time of issue. Placements by auction are not included. As at 11/01/2017
EFSF: annual investor breakdown

Geographical breakdown in %

Investor type in %

- Asia
- Euro area
- Rest of Europe
- UK+CH
- CB/Govt/SWF
- Asset Managers
- Banks
- Pensions/Ins./Corp.
### Geographical Breakdown in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia</th>
<th>Euro Area</th>
<th>Rest of Europe</th>
<th>UK+CH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>29%</td>
<td>41%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>2014</td>
<td>25%</td>
<td>51%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>2015</td>
<td>7%</td>
<td>62%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>2016</td>
<td>9%</td>
<td>64%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Investor Type in %

<table>
<thead>
<tr>
<th>Year</th>
<th>CB/Govt/SWF</th>
<th>Asset Managers</th>
<th>Banks</th>
<th>Pensions/Ins./Corp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>40%</td>
<td>21%</td>
<td>33%</td>
<td>5%</td>
</tr>
<tr>
<td>2014</td>
<td>35%</td>
<td>13%</td>
<td>48%</td>
<td>2%</td>
</tr>
<tr>
<td>2015</td>
<td>32%</td>
<td>32%</td>
<td>21%</td>
<td>8%</td>
</tr>
<tr>
<td>2016</td>
<td>37%</td>
<td>37%</td>
<td>21%</td>
<td>6%</td>
</tr>
</tbody>
</table>
EFSF & ESM widely recognised as top quality assets

**ESM and EFSF bonds** have been included and recognised as Level 1 assets in multiple regulatory reforms at international (Basel) and EU level (CRD), as well as eligible collateral in other jurisdictions (UK, Switzerland) and clearing platforms (Euroclear and Eurex).

- **Jan-2013:** EFSF and ESM Bonds were classified as eligible securities for admission to GC Pooling ECB Basket by Eurex Clearing. ([Newsletter](#)).
- **Dec-2013:** The EBA recommends the EFSF and ESM notes as “Extremely High Quality Liquid Assets” in their role in providing assessment on uniform definition on LCR. ([Press release](#)).
- **Oct-2014:** Following the EBA recommendation, the European Commission adopted a Delegated Act with regard to Liquidity Coverage Requirement (LCR), by which recognizes EFSF and ESM as Level 1 assets. ([Press release](#)).
- **Sep-2015:** The BoE included EFSF and ESM in the list of International Institutions eligible as Level B Collateral for its Money Market operations. ([List](#)).
- **Oct-2015:** EFSF and ESM Bonds were included as eligible securities for collateral in €GCPlus by Euroclear.
- **Jan-2016:** The Swiss regulator FINMA granted EFSF and ESM Notes with 0% Risk Weighting under the revised Credit Risk Ordinance. ([Press Release](#)).

---

**Note:** Information sourced from [European Stability Mechanism](https://www.esm.europa.eu).
## EFSF & ESM as a reference

**EFSF & ESM are included in the major SSA and government bond indices**

<table>
<thead>
<tr>
<th>Provider</th>
<th>Index</th>
<th>EFSF weighting*</th>
<th>ESM weighting*</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoA ML</td>
<td>EMU Broad Market index</td>
<td>1.32%</td>
<td>0.65%</td>
</tr>
<tr>
<td>J.P. Morgan</td>
<td>JPM Maggie Euro Credit Index</td>
<td>6.10%</td>
<td>3.03%</td>
</tr>
<tr>
<td>iBoxx</td>
<td>EUR Sub-sovereigns index</td>
<td>10.54%</td>
<td>5.24%</td>
</tr>
<tr>
<td>Citigroup</td>
<td>World Broad investment Grade index</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Euro Broad Investment Grade index</td>
<td>0.41%</td>
<td>0.19%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.40%</td>
<td>0.67%</td>
</tr>
<tr>
<td>Barclays</td>
<td>Euro Aggregate index</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Global Aggregate index</td>
<td>1.34%</td>
<td>0.66%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.32%</td>
<td>0.16%</td>
</tr>
</tbody>
</table>

* Weighting at 31/12/2016
ECB’s QE impact on EFSF/EFSF issuance and spreads
ECB decisions on 10 March 2016

1. Refi rate decreased by 5bp to 0.00%
2. Marginal lending facility rate decreased by 5bp to 0.25%
3. Deposit facility decreased by 10 bp to -0.40%
4. **Asset purchase programme increased to €80 billion**
5. Corporate Sector Purchase Programme (CSPP) IG euro-denominated bonds issued by non-bank corporations in euro area included in list of eligible assets (as from 8 June 2016)
6. TLTRO II
7. **PSPP parameters adjusted**:
   - Purchases of securities issued by eligible international organisations and multilateral development banks will be increased from 33% to 50%
   - Securities purchased under the PSPP will be reduced from 12% to 10% on a monthly basis
   - To maintain the 20% risk-sharing regime, ECB’s share of monthly PSPP purchases will be increased from 8% to 10%
Implications for EFSF and ESM

1. **Purchases of securities issued by eligible international organisations and multilateral development banks can be increased from 33% to 50%**
   - Potential 17% increase in ECB secondary market purchases in every EFSF / ESM bond with remaining maturity between 2-30 years
   - Over the long term, ECB could hold half of outstanding eligible bonds
   - Positive impact: investors know that they can always sell to ECB

2. **As of April 2016, monthly size of QE has been raised from €60bn to €80bn.**
   - As of 8 June 2016, Corporate Securities Purchase Programme (CSPP) is included.
   - As of April 2017, monthly size of QE will return to €60bn.

<table>
<thead>
<tr>
<th>Period</th>
<th>Monthly size</th>
<th>Programmes included</th>
<th>% of SSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 15 – March 16</td>
<td>€60bn</td>
<td>ABSPP+CBPP3+PSPP</td>
<td>12%</td>
</tr>
<tr>
<td>April 16 – 8 June 16</td>
<td>€80bn</td>
<td>ABSPP+CBPP3+PSPP</td>
<td>10%</td>
</tr>
<tr>
<td>8 June 16 – March 17</td>
<td>€80bn</td>
<td>ABSPP+CBPP3+PSPP+CSPP</td>
<td>10%</td>
</tr>
<tr>
<td>April 17 – December 17</td>
<td>€60bn</td>
<td>ABSPP+CBPP3+PSPP+CSPP</td>
<td>10%</td>
</tr>
</tbody>
</table>
ESM estimates that the ECB holds around ~36% or ~€68.7 billion of EFSF/ESM’s outstanding stock of the eligible debt (as of 6 January 2017).

This means the ECB is still below the current cap of 50%.

Source: ESM estimates
EFSF €1.75bn tap of Nov 2019 bond

On 26 January 2016, EFSF tapped a 4.5 year bond initially issued on 27/05/2015 bringing the total size to €4bn.

<table>
<thead>
<tr>
<th>Amount placed</th>
<th>€1.75 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity</td>
<td>04 November 2019</td>
</tr>
<tr>
<td>Coupon</td>
<td>0.125%</td>
</tr>
<tr>
<td>Reoffer yield</td>
<td>-0.099%</td>
</tr>
<tr>
<td>Reoffer price</td>
<td>100.843%</td>
</tr>
<tr>
<td>Settlement date</td>
<td>02 February 2016</td>
</tr>
<tr>
<td>Lead managers</td>
<td>Commerzbank, Goldman Sachs International and Société Générale CIB</td>
</tr>
</tbody>
</table>

### Geographical Breakdown

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro area</td>
<td>70%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>16%</td>
</tr>
<tr>
<td>UK &amp; Switzerland</td>
<td>5%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>8%</td>
</tr>
<tr>
<td>Others</td>
<td>7%</td>
</tr>
</tbody>
</table>

### Breakdown by Investor Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Banks/Official Institutions</td>
<td>23%</td>
</tr>
<tr>
<td>Fund managers</td>
<td>61%</td>
</tr>
<tr>
<td>Banks</td>
<td>16%</td>
</tr>
</tbody>
</table>
ESM €2.5 billion tap of March 2026 bond

On 12 July 2016, ESM tapped a 10 year bond initially issued on 02 March 2016 bringing the total size to €5.5 billion.

<table>
<thead>
<tr>
<th>Amount placed</th>
<th>€2.5 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity</td>
<td>02 March 2026</td>
</tr>
<tr>
<td>Coupon</td>
<td>0.5%</td>
</tr>
<tr>
<td>Reoffer yield</td>
<td>0.149%</td>
</tr>
<tr>
<td>Reoffer price</td>
<td>103.35%</td>
</tr>
<tr>
<td>Settlement date</td>
<td>19 July 2016</td>
</tr>
<tr>
<td>Lead managers</td>
<td>Barclays, Citi and Deutsche Bank</td>
</tr>
</tbody>
</table>

Geographical Breakdown
- Euro Area: 54%
- Asia: 23%
- UK & Switzerland: 14%
- Rest of Europe: 9%
- Middle East & Africa: 4%
- Others: 2%

Breakdown by Investor Type
- Central Banks/Govt/SWFs: 41%
- Banks: 23%
- Fund managers: 32%
- Pension funds/Insurance: 9%
- Others: 4%
- Asset Manager: 14%
ESM places €1 billion 40-year bond

On 24 November 2015, ESM placed its first 40-year bond raising €1 billion. The bond was subsequently tapped on 23 February for an additional €1 billion bringing the size to €2 billion.

| Amount placed | €1 billion | €1 billion |
| Maturity       | 01 December 2055 | 01 December 2055 |
| Coupon         | 1.85%         | 1.85%         |
| Reoffer yield  | 1.863%        | 1.505%        |
| Reoffer price  | 99.636%       | 110.262%      |
| Settlement date| 01 December 2015 | 01 March 2016 |
| Lead managers  | Barclays, Deutsche Bank and Goldman Sachs International | Bank of America Merrill Lynch, J.P. Morgan and LBBW |

Geographical breakdown

- Euro area: 73%
- Rest of Europe: 16%
- UK & Switzerland: 2%
- Others: 1%

Breakdown by investor type

- Central Banks/Gov/Sov Wealth Fund: 41%
- Banks: 37%
- Asset managers: 17%
- Insurance/Pension funds: 5%
Contacts

Kalin Anev Janse
Member of the Management Board
Funding, ALM & Lending and Secretary General
+352 260 962 400
k.anevjanse@esm.europa.eu
Investor.relations@esm.europa.eu

Siegfried Ruhl
Head of Funding
+352 260 962 630
s.ruhl@esm.europa.eu

www.esm.europa.eu
www.efsfeuropa.eu
Bloomberg: ESM <GO> ; EFST<GO>
Thomson Reuters: 0#EUEFSF= ; 0#EUESM=
In case a country steps out, contribution keys would be readjusted among remaining guarantors and the guarantee committee amount would decrease accordingly. Effective lending capacity is €440 billion which corresponds to the guarantee commitments of the top rated member states.

<table>
<thead>
<tr>
<th>Member States</th>
<th>Credit rating (S&amp;P/Moodys/Fitch)</th>
<th>EFSF max. guarantee Commitments (€m)</th>
<th>EFSF contribution key (%)</th>
<th>New EFSF maximum guarantee commitments*</th>
<th>New EFSF contribution key in %*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>(AA+/Aa1/AA+)</td>
<td>21,639.19</td>
<td>2.7750</td>
<td>21,639.19</td>
<td>2.9869</td>
</tr>
<tr>
<td>Belgium</td>
<td>(AA/Aa3/AA-)</td>
<td>27,031.99</td>
<td>3.4666</td>
<td>27,031.99</td>
<td>3.7313</td>
</tr>
<tr>
<td>Cyprus</td>
<td>(BB/B1/BB-)</td>
<td>1,525.68</td>
<td>0.1957</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Estonia</td>
<td>(AA-/A1/A+)</td>
<td>1,994.86</td>
<td>0.2558</td>
<td>1,994.86</td>
<td>0.2754</td>
</tr>
<tr>
<td>Finland</td>
<td>(AA+/Aa1/AA+)</td>
<td>13,974.03</td>
<td>1.7920</td>
<td>13,974.03</td>
<td>1.9289</td>
</tr>
<tr>
<td>France</td>
<td>(AA/Aa2/AA)</td>
<td>158,487.53</td>
<td>20.3246</td>
<td>158,487.53</td>
<td>21.8762</td>
</tr>
<tr>
<td>Germany</td>
<td>(AAA/Aaa/AAA)</td>
<td>211,045.90</td>
<td>27.0647</td>
<td>211,045.90</td>
<td>29.1309</td>
</tr>
<tr>
<td>Greece</td>
<td>(B-Caa3/CCC)</td>
<td>21,897.74</td>
<td>2.8082</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Ireland</td>
<td>(A+/A3/A)</td>
<td>12,378.15</td>
<td>1.5874</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Italy</td>
<td>(BBB/-A3/BBB+)</td>
<td>139,267.81</td>
<td>17.8598</td>
<td>139,267.81</td>
<td>19.2233</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>(AAA/Aaa/AAA)</td>
<td>1,946.94</td>
<td>0.2497</td>
<td>1,946.94</td>
<td>0.2687</td>
</tr>
<tr>
<td>Malta</td>
<td>(A-/A3/A)</td>
<td>704.33</td>
<td>0.0903</td>
<td>704.33</td>
<td>0.0972</td>
</tr>
<tr>
<td>Netherlands</td>
<td>(AAA/Aaa/AAA)</td>
<td>44,446.32</td>
<td>5.6998</td>
<td>44,446.32</td>
<td>6.1350</td>
</tr>
<tr>
<td>Portugal</td>
<td>(BB+/Ba1/BB+)</td>
<td>19,507.26</td>
<td>2.5016</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Slovakia</td>
<td>(A+/A2/A+)</td>
<td>7,727.57</td>
<td>0.9910</td>
<td>7,727.57</td>
<td>1.0666</td>
</tr>
<tr>
<td>Slovenia</td>
<td>(A/Baa3/-A-)</td>
<td>3,664.30</td>
<td>0.4699</td>
<td>3,664.30</td>
<td>0.5058</td>
</tr>
<tr>
<td>Spain</td>
<td>(BBB+/Baa2/BBB+)</td>
<td>92,543.56</td>
<td>11.8679</td>
<td>92,543.56</td>
<td>12.7739</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>779,783.14</td>
<td>100</td>
<td>724,474.32</td>
<td>100.0000</td>
</tr>
</tbody>
</table>

* Amended following stepping out of Portugal, Greece, Ireland and Cyprus

In case a country steps out, contribution keys would be readjusted among remaining guarantors and the guarantee committee amount would decrease accordingly. Effective lending capacity is €440 billion which corresponds to the guarantee commitments of the top rated member states.
EFSF: solid over-guarantee structure

- In the case of a missed payment by a borrower, EFSF would be in charge of ensuring that each Guarantor remits its share of the shortfall to the EFSF.

- The shortfall would be covered by the:
  1. Guarantees
  2. Grossing up of guarantees (up to 165% over-collateralisation)

- If a payment is missed by a borrower, the country programme could be interrupted and subsequently reviewed and the MoU renegotiated but the conditionality would still exist.

- All guarantors rank equally and pari passu amongst themselves.

Credit enhancement of up to 165% over-guarantee to cover payments in case of any payment default from a borrower. The guarantees cover both principal and interest.
# ESM shareholder contributions

<table>
<thead>
<tr>
<th>Member States</th>
<th>Credit rating (S&amp;P/Moodys/Fitch)</th>
<th>ESM contribution key (%)</th>
<th>Capital subscription (€bn)</th>
<th>Paid-in capital (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>(AA+/Aa1/AA+)</td>
<td>2.7644</td>
<td>19.48</td>
<td>2.23</td>
</tr>
<tr>
<td>Belgium</td>
<td>(AA/Aa3/AA-)</td>
<td>3.4534</td>
<td>24.34</td>
<td>2.78</td>
</tr>
<tr>
<td>Cyprus</td>
<td>(BB/B1/BB-)</td>
<td>0.1949</td>
<td>1.37</td>
<td>0.16</td>
</tr>
<tr>
<td>Estonia</td>
<td>(AA/-A1/A+)</td>
<td>0.1847</td>
<td>1.30</td>
<td>0.15</td>
</tr>
<tr>
<td>Finland</td>
<td>(AA+/Aa1/AA+)</td>
<td>1.7852</td>
<td>12.58</td>
<td>1.44</td>
</tr>
<tr>
<td>France</td>
<td>(AA/Aa2/AA)</td>
<td>20.2471</td>
<td>142.70</td>
<td>16.31</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>(AAA/Aaa/AAA)</td>
<td><strong>26.9616</strong></td>
<td><strong>190.02</strong></td>
<td><strong>21.72</strong></td>
</tr>
<tr>
<td>Greece</td>
<td>(B-/Caa3/CCC)</td>
<td>2.7975</td>
<td>19.72</td>
<td>2.25</td>
</tr>
<tr>
<td>Ireland</td>
<td>(A+/A3/A)</td>
<td>1.5814</td>
<td>11.15</td>
<td>1.27</td>
</tr>
<tr>
<td>Italy</td>
<td>(BBB-/Baa2/BBB+)</td>
<td>17.7917</td>
<td>125.40</td>
<td>14.33</td>
</tr>
<tr>
<td>Latvia*</td>
<td>(A-/A3/A-)</td>
<td>0.2746</td>
<td>1.935</td>
<td>0.22</td>
</tr>
<tr>
<td>Lithuania**</td>
<td>(A-/A3/A-)</td>
<td>0.4063</td>
<td>2.86</td>
<td>0.33</td>
</tr>
<tr>
<td><strong>Luxembourg</strong></td>
<td>(AAA/Aaa/AAA)</td>
<td><strong>0.2487</strong></td>
<td><strong>1.75</strong></td>
<td><strong>0.20</strong></td>
</tr>
<tr>
<td>Malta</td>
<td>(A-/A3/A)</td>
<td>0.0726</td>
<td>0.51</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>(AAA/Aaa/AAA)</td>
<td><strong>5.6781</strong></td>
<td><strong>40.02</strong></td>
<td><strong>4.57</strong></td>
</tr>
<tr>
<td>Portugal</td>
<td>(BB+/Ba1/BB+)</td>
<td>2.4921</td>
<td>17.56</td>
<td>2.01</td>
</tr>
<tr>
<td>Slovakia</td>
<td>(A+/A2/A+)</td>
<td>0.8184</td>
<td>5.77</td>
<td>0.66</td>
</tr>
<tr>
<td>Slovenia</td>
<td>(A/Baa3/A-)</td>
<td>0.4247</td>
<td>2.99</td>
<td>0.34</td>
</tr>
<tr>
<td>Spain</td>
<td>(BBB+/Baa2/BBB+)</td>
<td>11.8227</td>
<td>83.33</td>
<td>9.52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>704.8</strong></td>
<td><strong>80.55</strong></td>
<td></td>
</tr>
</tbody>
</table>

* 13 March 2014 Latvia joined the ESM.
** 03 February 2015 Lithuania joined the ESM.
ESM: procedure for granting stability support

**Application for support**
- Country makes **formal request** to Chairperson of ESM Board of Governors (‘BoG’)

**Assessment**
- European Commission (‘EC’), in liaison with ECB assesses the following:
  - risk to country’s financial stability,
  - whether country’s public debt is sustainable (wherever appropriate together with IMF)
  - actual or potential financing needs of country

**Proposal**
- Based on assessment, ESM BoG decides whether to grant (in principle) support in the form of a financial assistance facility following which the ESM Managing Director makes proposal for adoption by BoG for a **Financial Assistance Facility Agreement** (FFA) including the terms and conditions and the choice of instruments

**Approval of support terms**
- A common **Memorandum of Understanding** of policy conditionality is established between the EC, the IMF (where applicable) and beneficiary country and approved by BoG. ESM MD prepares an FFA. The FFA establishes the financial terms of the support in compliance with the policy conditions. It is adopted by ESM Board of Directors (‘BoD’).

**Financial support**
- After ensuring compliance with policy conditions, ESM makes support available to country, upon approval by BoD

Timeframe from application to disbursement of funds depends upon individual country case and instrument requested
EFSF & ESM instruments

■ Loans
- Objective: assist Member States (MS) that have significant financing needs but have lost access to market financing
- MoU (negotiated by EC, in liaison with ECB and where possible IMF) details conditionality

■ Primary market purchases
- Objective: allow MS to maintain or restore market access
- For use by MS under macro-economic adjustment programme or under precautionary programme
- Limit: no more than 50% of final issued amount. ESM can hold / sell back to country / resell on market / use for repos

■ Secondary market purchases
- Objective: support functioning of debt markets and appropriate price formation in government bonds
- For use by programme and non-programme countries, with conditionality. Subject to ECB report identifying risk to euro area and assessing need for intervention

■ Precautionary programme
- Objective: prevent crisis situations by assistance before MS face difficulties in raising funds and avoid negative connotation of being a programme country
- Precautionary conditioned credit line (PCCL) and Enhanced conditions credit line (ECCL). Country placed under enhanced surveillance by EC during availability period

■ Bank recapitalisation through loans to governments
- Objective: help remove the risk of contagion from the financial sector to the sovereign
- Instrument of last resort when other instruments, including the bail-in mechanism, are not sufficient
- For countries not under a macro-economic adjustment programme. Eligible if 1) lack of alternatives via private sector 2) inability of country to recapitalise banks without experiencing adverse effects on its financial stability and 3) ability to reimburse the loan. Conditionality applies.
ESM instrument: direct bank recapitalisation

On 8 December 2014, ESM Board of Governors adopted the ESM direct recapitalisation instrument for euro area financial institutions.

Requisites for Eligibility

**Member State**
- Unable to rescue without adverse effects on fiscal sustainability and market access
- Assistance must be indispensable to protect financial stability of euro area or its Member States

**Bank**
- Is or likely to be in breach of capital requirements
- Viability depends on capital injection & restructuring
- Unable to attract sufficient capital from private sources
- Systemic or pose threat to financial stability

- **Due diligence and thorough economic valuation are pre-requisites**
- **Limit**: €60 billion is the max. amount for direct recapitalisation by the ESM
- **Conditionality**: bank-specific rules and policy conditions for the requesting Member State
- **Potential retroactive application**: Decided on a case-by-case basis under unanimity rule
Direct recapitalisation of banks by ESM: main features

**Bail-in and resolution / restructuring**

**Private Capital**
- Appropriate level of write-down/ conversion of debt in line with EU state aid rules and BRRD*

* A bail-in equivalent to at least 8% of a bank’s total liabilities and own funds must be imposed before any resolution fund is tapped.

**Single Resolution Mechanism**
- From January 2015 onwards
- Up to 5% of a bank’s total liabilities

**Direct Bank Recapitalisation Instrument**

**Member State**
- Reach 4.5% Tier 1
- Requesting Member State injects capital to reach a minimum threshold of 4.5% CET 1

**ESM**
- Reach adequate capital level
- ESM injects capital once 4.5% CET1 is reached
- Requesting Member State still contributes: 20% in first 2 years and 10% afterwards
Single Resolution Fund financing

During transition phase, SFR is composed of national compartments

Transition period = 8 years
Total final funding: €55 billion

Mutualised compartment will grow over the years until transition period is over
EFSF: Financial assistance programme for Ireland (concluded on 8 December 2013)

On 8 December 2013, Ireland exited the EFSF financial assistance programme. It made a total of 10 loan disbursements between February 2011 and December 2013. The loans provided by the EFSF have supported Ireland in the implementation of an economic adjustment programme, whose main goals were:

- restoring fiscal sustainability;
- structural reforms focusing on competitiveness and job creation;
- downsizing, restructuring and recapitalisation of the banking sector.

Financing

- The total €85 billion of the programme was financed as follows:
  - €17.5bn contribution from Ireland (Treasury and NPRF*)
  - €67.5bn external support
    - €22.5bn from IMF
    - €22.5bn from EFSM
    - €17.7bn from EFSF** + bilateral loans from the UK (€3.8bn), Denmark (€0.4bn) and Sweden (€0.6bn)

* National Pension Reserve Fund
EFSF: Financial assistance programme for Portugal (concluded on 18 May 2014)

Objectives of the programme

- Restore fiscal sustainability through ambitious fiscal adjustment
- Enhance growth and competitiveness via reforms and measures, i.e.
  - Freeze govt. sector wages until 2013, reduce pensions over €1500
  - Reform unemployment benefits and reduce tax deductions
  - Execute an ambitious privatisation programme (TAP, Caixa Seguros …)
- Improve liquidity and solvency of financial sector
  - Banking support scheme of up to €12 billion to provide necessary capital for
    banks to bring Tier 1 capital ratios to 10% by end 2012 in case market
    solutions cannot be found

Financing

- The total €78 billion of the programme financed as follows:
  - €26 billion from IMF
  - €26 billion from the EU (EFSM)
  - €26 billion from EFSF

Maximum average loan maturity of 22 years*

* Following decision of EFSF Board of Directors to extend loan maturities to Ireland and Portugal on 24 June 2013
The three financial assistance programmes for Greece

- The new ESM programme is the third package of financial assistance for Greece

1st programme (2010-2011)
- Greek Loan Facility (bilateral loans): €52.9 bn
- IMF: €20.1 bn
- Total: €73 bn

2nd programme (2012-2015)
- EFSF: €141.8 bn
- IMF: €11.7 bn
- Total: €153.5 bn

3rd programme (2015-2018)
- ESM: up to €86 bn (committed)
- IMF: to be determined

Note: For the first two programmes, amounts disbursed are shown. For IMF loans (disbursed as SDR), the corresponding figure in euros is based on exchange rate at time of disbursement.
EFSF: Financial assistance package for Greece (extension expired on 30 June 2015)

Following the successful completion of the Private Sector Involvement offer by the Greek government, the second assistance package for Greece was approved.

**PSI Sweetener (€29.7bn)**
Objective: enable Greece to finance the debt exchange.
As part of the debt exchange, bond holders received 1 to 2 year EFSF bonds with a face amount equal to 15% of the face amount of the exchanged bonds.

**Accrued Interest (€4.8bn)**
Objective: enable Greece to pay the accrued interest under Outstanding Greek bonds including in the PSI.
Investors have received EFSF 6-month bills to cover interest due under outstanding bonds.

**Bank recapitalization (€48.2bn*)**
Objective: preserve the financial stability of the Greek banking system
EFSF disbursed funds to the Hellenic Financial Stability Fund (HFSF) in order to Recapitalise the Greek banking sector.
ESM: Recapitalisation of the Spanish financial sector
(concluded on 31 December 2013)

Objectives of the programme
- Recapitalise the Spanish banking sector and restore market confidence in Spain

Financing
- €41.3 bn disbursed to cover shortfall in capital requirements
- Loan maturities will be up to 15 years with an average of 12½ years
- Committed under EFSF and then transferred to ESM (without seniority status)

Conditions
- Applied to individual financial institutions
- Compliance with agreed EU surveillance recommendations
- Reforms targeting the financial sector as a whole, restructuring plans in line with EU state aid rules
- Reinforcement of regulatory and supervisory framework in Spain

* AMC= Asset management company
On 25 March 2013 the Eurogroup reached an agreement with Cyprus on the key elements of a macroeconomic adjustment programme.

The programme consists of three key components:
- Restructuring and downsizing the Cypriot banking sector
- Fiscal consolidation strategy
- Structural reform agenda

Total financial assistance commitment for Cyprus amounted to €10 billion, provided by:
- ESM: around €9 billion committed, €6.3 billion disbursed
- IMF: €1 billion
Disbursements in kind: an innovative solution

• Used for the recapitalisation of the banking sector
• Allows EFSF/ESM to raise large amounts in a short space of time
• Bills / FRNs may be used as repos either in the market or at the ECB

**Greece - EFSF**
- EFSF provided €35 bn in bonds as collateral to Eurosystem during Greece's selected default. Bonds cancelled in August 2012.
- As part of PSI participation, EFSF provided €29.7bn as “PSI sweetener” and €4.8bn in accrued interest.
- For recapitalisation of Greek banks, EFSF provided €25bn in FRNs in April 2012, €16bn* in Dec 2012 and €7.2bn* in May 2013.
- In December 2012, EFSF provided €11.3bn in 6-month bills to enable Greek to finance the debt buy back.

**Greece - ESM**
- ESM issued 3 FRNs of €10bn, €5.4bn released to recapitalize banks. The remaining €4.6bn was unused and subsequently cancelled.

**Spain**
- ESM provided 2 bills and 3 FRNs totalling €39.5bn in December 2012.
- In February 2013, ESM provided a FRN of €1.8bn.

**Cyprus**
- ESM provided a FRN of €1.5bn to Cyprus.

*On 27 February 2015, in accordance with the amended Master Financial Facility Agreement for Greece, €10.9 bn in bonds held by the Hellenic Financial Stability Facility were returned to the EFSF. Following the expiry of the programme for Greece on 30 June 2015, these bonds were cancelled.*
ESM/EFSF Market Group comprises the following 39 international institutions: