

ESM and EFSF adjust funding volumes for 2017 and 2018

Luxembourg – The European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) have revised their funding needs for this year and the next. The EFSF will now raise €49 billion in total in 2017, an increase of €9 billion. The ESM will raise €12.5 billion in total this year, a decrease of €4.5 billion. The combined funding needs for the two institutions for 2017 will, therefore, be €61.5 billion. While this means an overall increase of €4.5 billion in comparison to the numbers announced previously, the joint funding needs for the remainder of the year will decrease by €1.7 billion.

(in € billions)

	Q1	Q2	Q3	Q4	TOTAL 2017	TOTAL 2018
EFSF new	9.5	19.2	14.5	5.8	49	22
EFSF old	9.5	13	13	4.5	40	21
ESM new	6.5	1.5	0	4.5	12.5	23
ESM old	6.5	3.0	2.0	5.5	17	20

“We place great value on transparent communication to inform the market and our investors. This is why we publish our quarterly funding targets in advance. However, these amounts are always subject to change, due to various external factors. We are confident that our diversified funding strategy and the current favourable market conditions will allow us to raise the necessary funding,” said Siegfried Ruhl, ESM Head of Funding.

ESM

This week, Spain received approval from the ESM’s Board of Directors for a €1 billion early repayment towards its loan. The repayment is foreseen for 14 June 2017. Accordingly – and also taking into account the proceeds from private placements of N-Bonds – the ESM’s funding target for Q2 has been reduced to €1.5 billion.

In addition, favourable liquidity management and shifts in the disbursement schedule for the current programme for Greece have led to a further €3 billion reduction in the ESM’s funding needs for the second half of 2017 to €4.5 billion.

There are no changes to the ESM’s intention to issue a dollar-denominated bond later this year. For 2018, the ESM’s funding needs will be €23 billion.

EFSF

The EFSF’s funding needs for the full year will increase by €9 billion to €49 billion, to allow for a greater volume in the bond exchange, part of the short-term debt relief measures for Greece. Favourable market conditions allowed the EFSF to raise an additional €6 billion in the second quarter. The EFSF will therefore only need to raise an extra €3 billion in the second half of the year.



The EFSF plans to raise around €9 billion in maturities of 10 years and longer out of its €20 billion funding needs for the second half of 2017. This implies that the bond exchange can be expected to be completed by the end of the year. For 2018, the EFSF is scheduled to raise €22 billion, an increase of €1 billion due to more prudent liquidity management.

For an explainer about the short-term debt relief measures for Greece, please see [this link](#).

About the ESM

The European Stability Mechanism (ESM) has the mandate to preserve financial stability in the euro area by providing financial assistance to Member States with severe financing problems. It is a permanent inter-governmental institution, inaugurated on 8 October 2012. ESM assistance may include loans, precautionary credit lines, the purchase of bonds of ESM Members in primary and secondary markets, and the recapitalisation of financial institutions directly and through loans to governments. All financial assistance to Member States is linked to appropriate conditionality. The ESM finances its assistance by issuing bonds and other debt instruments. The shareholders of the ESM are the 19 euro area Member States. It has a total subscribed capital of approximately €700 billion, which comprises €80 billion in paid-in capital and €620 billion in committed callable capital. The ESM's maximum lending capacity is €500 billion.

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