



Press release no. 8/2017

7 March 2017

ESM raises €3 billion in new 10-year bond

Luxembourg – The European Stability Mechanism (ESM) on Tuesday raised €3 billion in a new 10-year bond. The strong order book allowed the ESM to pre-fund €1 billion towards its funding needs for the remainder of the year.

“It is very pleasing to see such strong investor appetite for the ESM’s final deal of the first quarter. We decided to raise the intended volume by €1 billion. We will use this money towards our future funding needs, while at the same time leaving room for further taps of this new issue,” said Siegfried Ruhl, ESM Head of Funding.

The final issuance window of this quarter will not be used. The spread of the 0.75 percent March 2027 bond was fixed at mid-swaps minus 1 basis point, implying a reoffer yield of 0.767 percent.

Joint lead managers for the transaction were Barclays, Credit Agricole and Deutsche Bank. The order book was in excess of €7 billion.

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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