



# Newsletter

N°8

March 2013

Our mission is to **safeguard financial stability in Europe** by providing financial assistance to euro area Member States

EFSF and ESM have a policy of open and clear communication that has been well received by the investor community. Following the calendar published in December 2012 for Q1 2013 we are now in line with this policy announcing the potential issuance weeks for the second quarter of 2013. We will continue to provide this forward planning for each quarter for both the bill programme and for the long-term issuance programme.

2013 started well with diversified bond issuance activity from the EFSF. As announced in the potential issuance calendar, there were 6 transactions this quarter. The favourable market environment at the beginning of the year enabled us to get off to a very good start with €11 billion already raised in January. After this successful start, we were able to use the positive market conditions to tap outstanding bonds in the 10-year and 25-year segment. Finally, we once again proved that we are able to operate in challenging market conditions raising €3 billion in the week following the Italian elections. This was followed by the recent €1 billion tap held the day after the Cypriot parliament voted against the political agreement for a macro-economic adjustment programme reached by the Eurogroup.

Regarding ESM, we continued to finance assistance for the Spanish banking recapitalisation (around €41 billion provided to date) made through cashless operations allowing us to raise significant amounts in a short period of time. We also began accessing the debt markets with the successful launch of its short term bill programme. For longer-term funding, we are scheduled to start issuing on the bond markets during the second half of 2013. As the amount to be raised is relatively small so far (currently €9 billion maximum), issuing within 6 months will allow us to offer the markets a regular issuance programme as we start to build references on the ESM yield curve.

Since its inaugural bond in January 2011, EFSF has raised €78 billion in the long term bond markets and has come to be known as a regular and well established issuer in the supranational segment. We fully expect the ESM to follow the same route.



**Christophe Frankel**  
ESM Deputy Managing Director & CFO  
EFSF Deputy CEO & CFO

## FUNDING REVIEW Q1 2013

### SHORT TERM FUNDING



ESM launched its bill programme on 8 January successfully replacing the EFSF bill programme. Through regular auctions, ESM has raised over €11.6 billion in 3 month and 6-month bills.

#### ESM bills issued in Q1 2013

ISIN code	Auction Date	Tenor/Maturity	Issue Amount (EURbn)	Weighted average yield	Average price	Bid/Cover
EU000A1U97K5	19/03/13	6 month 19/09/2013	1.903	0.0225%	99.98862%	2.7
EU000A1U97J7	05/03/13	3 month 06/06/2013	1.973	-0.0030%	100.00076%	2.5
EU000A1U97H1	19/02/13	6 month 22/08/2013	1.948	0.0374%	99.98110%	2.5
EU000A1U97G3	05/02/13	3 month 09/05/2013	1.949	0.0158%	99.99601%	2.4
EU000A1U97F5	22/01/13	6 month 25/07/2013	1.970	0.0245%	99.98762%	2.3
EU000A1U97E8	08/01/13	3 month 11/04/2013	1.927	-0.0324%	100.00819%	3.2

### LONG TERM FUNDING



Due to the good overall demand, EFSF was able to raise €16 billion already by the end of February. This allowed EFSF to end the quarter with an additional tap for €1 billion of the recently-launched 3 year bond bringing the total amount for the quarter up to €17 billion and going beyond the scheduled funding target.

#### EFSF bonds issued in Q1 2013

Type	ISIN code	Issue Date	Tenor/Maturity	Nominal Amount (EURbn)	Issuance level	Reoffer yield	Coupon
Tap (syndicate)	EU000A1G0BA4	27/03/13	3 yr 07/03/2016	1	MS -5bp	0.548%	0.500%
New (syndicate)	EU000A1G0BA4	05/03/13	3 yr 07/03/2016	3	MS -5bp	0.584%	0.500%
Tap (syndicate)	EU000A1G0AT6	21/02/13	25 yr 03/04/2037	1	MS +45bp	2.959%	3.375%
Tap (auction)	EU000A1G0A16	12/02/13	10 yr 05/09/2022	0.97	MS +32bp	2.129%*	2.250%
New (syndicate)	EU000A1G0A99	05/02/13	5 yr 05/02/2018	5	MS +17bp	1.346%	1.250%
New (syndicate)	EU000A1G0A81	22/01/13	7 yr 22/01/20	6	MS +29bp	1.612%	1.500%

\* average yield



As part of the recapitalisation of the Spanish banking sector, ESM issued a 30 month FRN for a total of €1.865 bn. The FRN was provided to the FROB via the Spanish government for the recapitalisation of the four following banks: Banco Mare Nostrum, Banco Ceiss, Caja 3 and Liberbank. The banks may not sell the EFSF FRN outright on the market. However, they may use them to obtain liquidity from either the ECB, the national central bank or through entering into repurchase agreements with market counterparties.

#### ESM bonds issued in Q1 2013

Type	ISIN code	Issue Date	Tenor/Maturity	Nominal Amount (EURbn)
FRN	EU000A1U98X6	01/02/13	30 month 05/08/2015	1.865



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## FUNDING OUTLOOK Q2 2013

### SHORT TERM FUNDING



For the second quarter 2013, ESM bill auctions will continue to be held on Tuesdays. Closing time for all auctions is 12.30pm.

### Q2 2013 ESM Bill Auctions

	3 month	6 month
April	Tuesday 9th	Tuesday 23rd
May	Tuesday 7th	Tuesday 21st
June	Tuesday 4th	Tuesday 18th

### LONG TERM FUNDING



For Q2, 2013 EFSF is expected to raise **€16.5 billion** in order to finance the assistance to Ireland, Portugal and Greece and also to rollover existing maturities.

### Q2 Timetable of potential EFSF transactions

Week 15	Monday 8th - Friday 12th April
Week 17	Monday 22nd - Friday 26th April
Week 22	Monday 27th - Friday 31st May
Week 24	Monday 10th - Friday 14th June
Week 26	Monday 24th - Friday 28th June



Given its funding requirements, ESM is expected to launch its long-term funding programme in the second half of this year. *Any future assistance to be provided as part of a macro economic adjustment programme to Cyprus will be provided by ESM. The details will be disclosed in due course.*

### Preliminary funding programme (excluding cashless operations)

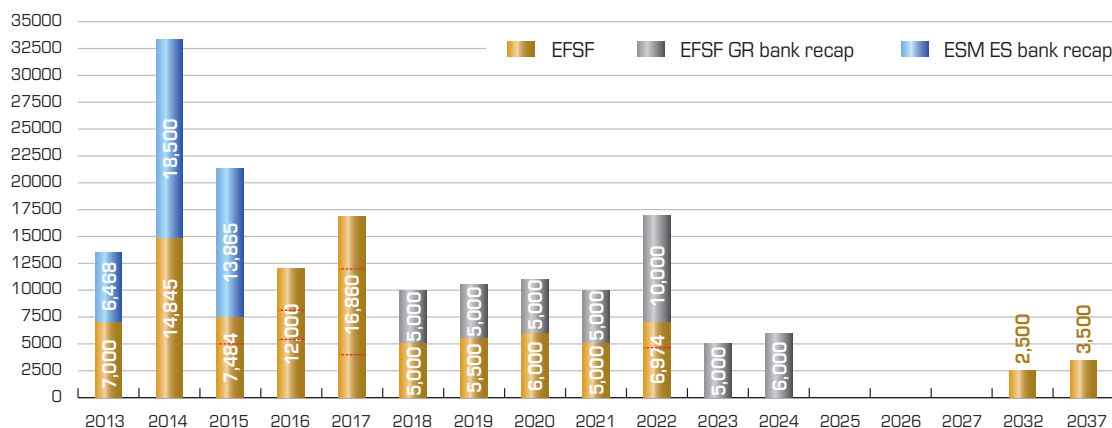
(subject to market conditions, requests by programme countries, and to fulfilling conditionality)

EUR bill.	Q1 2013	Q2 2013	Q3 2013	Q4 2013	TOTAL 2013
Ireland	1.6	1.4	1.4	1.2	5.6
Portugal	0.8	0	0	1.9	2.7
Greece	4.8	6.0	0.6	5.1	16.5
Total Lending Requirements	7.2	7.4	2.0	8.2	24.8
Long Term Funding	17.0	16.5	13.0	11.5	58.0

EUR bill.	Q1 2013	Q2 2013	Q3 2013	Q4 2013	TOTAL 2013
Long Term Funding	-	-	tba	tba	9.0
Short Term Funding (end of period)	11.8	17.9	18.0	16.0	-

Please note that figures are based on estimates and may vary depending upon market conditions. These figures do not include any cashless operations. Negative gaps between Lending requirements and Long Term Funding will be covered by the Bill Programme. Total lending requirements for future periods are based on current disbursement schedule.

### EFSS & ESM Maturity Profile



For EFSF bonds only.

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