

ESM issues 2.5-year bond - first ever negative yield for syndicated euro SSA benchmark

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ESM

Luxembourg – The European Stability Mechanism (ESM) today issued a €3 billion two-and-a-half-year bond maturing on 17 October 2017. The transaction was priced with a -0.07% reoffer yield for investors. The coupon was set at 0.00%, which delivers a reoffer price of 100.181%. It is both the first ESM bond issued with a negative yield and also the first syndicated euro-denominated SSA benchmark issued with a negative yield.

Bank of America Merrill Lynch, HSBC and Unicredit acted as lead managers. The issue attracted very strong demand, with above €9 billion in orders received from investors worldwide. It completes the ESM's funding target for the first quarter of 2015.

Christophe Frankel, CFO and Deputy Managing Director said: "The choice of a two-and-a-half-year maturity fills a gap in our redemption profile and fits perfectly with the structure of ESM loans. The strong, high quality order book also shows that we again met investor demand, which allowed us to print successfully the first syndicated euro SSA benchmark with a negative yield."

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