

Spain successfully exits ESM financial assistance programme

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Press releases

ESM

Luxembourg – The ESM financial assistance programme for Spain expires today with a successful exit. Since the programme started in December 2012, the ESM has disbursed a total of €41.3 billion to the Spanish government for the recapitalisation of the country's banking sector. Spain will not request any follow-up assistance from the ESM.

Klaus Regling, Managing Director of the ESM, said: "Spain's programme exit after one year is an impressive success story. The ESM's financial assistance programme has proven instrumental in recapitalising and restructuring Spain's troubled banks, which are today on a sound footing. Despite the challenges ahead I am confident that the ESM's support, combined with structural reforms, will allow the Spanish economy to achieve stability and sustainable growth".

ESM financial assistance was provided in the form of debt securities to FROB, the bank recapitalisation fund of the Spanish government, and then channeled to the financial institutions concerned. The average maturity of the loan is 12.5 years.

The financial assistance in Spain was the first programme carried out by the ESM. Also it was the first time that the instrument of bank recapitalisation through a loan to the government was used.

"The government's determined reform efforts and the people's readiness to accept temporary hardship for the sake of a sustainable recovery are exemplary" added Klaus Regling. "The Spanish success shows that our strategy of providing temporary loans against strong conditionality is working."

In line with the ESM Treaty, the ESM will work closely with the Spanish government to ensure full repayment and that the loan is serviced in a timely manner.

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