

ESM approves Spain's fourth early repayment

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Press releases

ESM

Luxembourg – The Board of Directors of the European Stability Mechanism (ESM) approved a request by Spain to make a voluntary early repayment of €1 billion of its ESM loan. This is the fourth time that Spain has offered to make an early repayment after receiving a loan to recapitalise its banks in 2012 and 2013. Following this payment, Spain's outstanding debt to the ESM will be €34.7 billion.

“This fourth request to accelerate repayments to the ESM shows Spain's good market access conditions and its comfortable liquidity position. For the euro area, this underlines the effectiveness of the ESM indirect bank recapitalisation instrument. It financed the repair of the banking system and supported the implementation of a broad reform programme, which turned Spain into one of the fastest growing economies in the euro area”, said ESM Managing Director Klaus Regling.

On 25 October 2016, the ESM received a request from the Spanish authorities for an early repayment which, under the financial assistance agreement, required approval of the ESM Board of Directors.

Following this decision of another early repayment by Spain, the ESM Long-Term Funding Programme will be amended accordingly. The total funding target for 2016 will now be €24.5 billion (instead of €25.5 billion) of which €23.5 billion has already been raised. The remaining funding amount for 2016 is now €1 billion.

According to the agreed schedule, Spain's last reimbursement of debt to the ESM is set for the end of 2027.

Between December 2012 and February 2013, the ESM disbursed €41.3 billion to the

Spanish government for the recapitalisation of the country's banking sector. Spain successfully exited the programme at the end of 2013.

Contacts



[Cédric Crelo](#)

Head of Communications and Chief Spokesperson

+352 260 962 205

c.crelo@esm.europa.eu



[Anabela Reis](#)

Deputy Head of Communications and Deputy Chief Spokesperson

+352 260 962 551

a.reis@esm.europa.eu



[Juliana Dahl](#)

Principal Speechwriter and Principal Spokesperson

+352 260 962 654

j.dahl@esm.europa.eu



[George Matlock](#)

Senior Financial Spokesperson

+352 260 962 232

g.matlock@esm.europa.eu