

# ESM approves a second voluntary early repayment by Spain

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Press releases

ESM

Luxembourg – The Board of Directors of the European Stability Mechanism (ESM) approved the request by Spain to make a voluntary early repayment of €1.5 billion of its ESM loan. This is the second time that Spain offered to make a voluntary early repayment in respect of the loan to recapitalise the Spanish banks back in 2012. Following this payment, Spain’s outstanding debt to the ESM will become €38.2 bn.

ESM Managing Director Klaus Regling said: “With this second voluntary early repayment, Spain sends a strong signal of normalisation and of a comfortable liquidity position to the markets. This is also good news for the euro area as it highlights once again to what extent the restructuring of the Spanish banking sector, which the ESM supported with €41.3 billion of loans, has been a success. As Spain has implemented a strong reform agenda, the country is one of the most attractive economies for investors in the euro area”.

The ESM received on 27 February 2015 a request from the Spanish authorities for an early repayment which, under the financial assistance agreement, requires formal approval by the ESM Board of Directors. The formal decision process was completed yesterday by the ESM Board of Directors.

The financial assistance agreement between ESM and Spain foresees that any cost resulting from an early repayment shall be covered by the borrowing Member State. Given the amount and the timing, this payment ahead of schedule should practically bear no additional costs. The voluntary early repayment will be made shortly in cash.

According to the agreed schedule, Spain’s last reimbursement of the ESM debt 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.

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