

Staff statement following the eleventh post-programme mission to Spain

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Press releases

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European Commission staff, in liaison with staff from the European Central Bank[1], visited Madrid on 7 and 8 May for the eleventh post-programme mission to Spain. Staff from the European Stability Mechanism participated in the meetings in the context of its Early Warning System.

The mission focused exclusively on financial sector developments. Macroeconomic and budgetary developments were not on the agenda, as the Commission has just released its 2019 spring economic forecast and is now assessing Spain's fiscal situation as part of the European Semester process.

The mission discussed the overall performance of the banking sector and credit developments over the past two quarters, with a focus on solvency, liquidity position and profitability, as well as the evolution of non-performing loans. It held discussions with those banks that had received State aid and had undergone restructuring programmes following the financial assistance programme, and it discussed the strategy after the completion of the restructuring process with FROB, the executive resolution authority. The asset management company SAREB updated the mission on the progress of its divestment activity.

The mission then focused on the recent initiatives to strengthen Spain's prudential framework. It met Spain's new macro-prudential authority - AMCESFI - and discussed the new competences of Bank of Spain to tackle potential imbalances within sectors, including with borrower-based tools and sector-specific exposure limits.

The surveillance report reflecting the detailed findings of this mission is due to be published in early July 2019.

The mission would like to thank the Spanish authorities for their constructive and open discussions. The next post-programme surveillance mission will take place in autumn 2019.

[1] European Central Bank (ECB) staff participated in this mission and the drafting of this statement, in accordance with the ECB's competences and thus provided expertise on financial sector policies and macro-critical issues, such as headline fiscal targets and sustainability and financing needs.

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