



EUROPEAN COMMISSION

MEMO

Brussels, 26 October 2012

Statement by the EC and the ECB following the conclusion of the first review of the financial assistance programme for Spain

A delegation of the European Commission, in liaison with the European Central Bank and the European Stability Mechanism, undertook from 15 to 26 October 2012 the first review mission of the financial-assistance programme for Spain. The International Monetary Fund also participated in the meetings as part of its independent monitoring. The mission held intensive and productive discussions with the Spanish authorities, covering the entire range of policies envisioned under the programme.

The mission obtained a detailed update about the macro-financial situation of Spain and the current performance of all the major Spanish banks. While the overall financial market conditions in Spain have improved since the start of the programme and funding strains have been reduced, the challenges to parts of the banking sector remain very acute and warrant decisive policy action as outlined by the programme's Memorandum of Understanding (MoU). The mission also reviewed the status of, and progress in, a broad range of horizontal financial-sector conditionality, including the enhancement of the credit registry, the improvement of banks' transparency, the further development of non-banking financial intermediation and the strengthening of the governance of former savings banks. In these areas, despite the complexity of the issues at stake, preparations by the Spanish authorities seem well advanced in order to allow for timely policy action in line with the MoU.

Furthermore, the mission reached agreement with the Spanish authorities on important aspects of the design and functioning of the future Asset Management Company (AMC), including on its overall size and governance. This will, as a cornerstone of the programme, allow the AMC to be operational as of 1 December.

Overall, the findings of this mission point to a successful programme whose implementation is on track.