30/06/2021

European Mortgage Federation – European Covered Bond Council (EMF-ECBC)

Measures taken in relation to mortgages as consequence of COVID-19 crisis

The outbreak of COVID-19 in the beginning of 2020 in all countries around the globe created not only a world health crisis, but an economic and social crisis too with all the subsequent challenges that this is imposing for banks and financial institutions. This first wave was followed by a second wave starting in September and we expect a third one by the beginning of 2021.

Confronted with these developments, at the beginning of the crisis European banking regulators and supervisors put in place different measures with the aim of alleviating the economic effects and helping business and borrowers to withstand the crisis. Similarly, national governments implemented different measures such as moratoria on loan payments to aid households and companies in financial difficulties some of which are now starting to be withdrawn.

All these measures taken together, from a retail and funding perspective, and their potential effects are presented in the paragraphs below and will continue to be monitored and updated accordingly.

The document also includes three annexes which gather other measures, statistics and some preliminary data on the Covid-19 HTT tab.

The European Central Bank

The European Central Bank in a first stage declared that European Banks would be allowed to operate at lower levels of capital and liquidity buffers to deal with the coronavirus outbreak while continuing funding the economy. The measure aimed to provide banks with significant capital relief allowing banks to let their capital fall short temporarily of the levels defined by the Pillar 2 guidance, capital conservation buffer and liquidity coverage ratio.

In a second phase, the ECB implemented a policy allowing banks to use lower quality capital to meet a proportion of their Pillar 2 Requirements. . This measure was initially scheduled to come into effect in January 2021 but was brought forward and it came into effect immediately.

Furthermore, the ECB allowed flexibility in the treatment of loans when governments guarantees or moratoriums were in place. Therefore, the "unlikely to pay" threshold was relaxed in order to save publicly guaranteed loans from automatically becoming classified as nonperforming. Moreover, for any public-backed loans that go bad, banks would not have to make any provisioning for the first seven years.

Moreover, banks were also entitled to get a six months leeway to reduce existing bad loans.

These measures were meant to provide up to EUR 120 billion of capital relief, which could unleash EUR 1.8 trillion of lending capacity. A programme that is accessible to all jurisdictions and will remain in place until the crisis phase is over. All this in order to protect the flow of credit to companies and households.

In parallel, the ECB announced a new Pandemic Emergency Purchase Programme of EUR 750 bn. This was further expanded in December 2020 when the ECB increased its coronavirus-related bond purchasing by EUR 500 billion and extended its term by nine months to March 2022.

Furthermore, the European Central Bank announced as of 7 May rules to accept a wider range of loans and other assets, including Greek government debt, as security for funding. This was be accompanied by the reduction of "haircuts" applied to the values of collaterals. The ECB also indication the plan to apply a further 20% fixed amount reduction to existing haircuts. These measures aimed to ensure that banks will be able to sustain all the loans guarantee by the eurozone governments. This temporal easing is still in place until the end of the year.

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The European Banking Authority (EBA)

The EBA decided to suspend this year's EU-wide stress test of the banking sector until 2021 in order to allow banks to prioritise operational continuity and focus on core operations. However, the EU-wide stress test for 2020 will be replaced with an extra transparency exercise of publishing data from lenders in order to increase information to market participants on banks' exposures and asset quality.

Furthermore, the EBA rejected relaxation or easing on capital requirements arguing that the existing rules already provide enough flexibility for banks. Therefore, EBA encouraged CAs to make full use of the flexibility already existing in the regulatory framework mainly provided through the use of Pillar 2 Requirements.

Finally, the EBA recognised flexibility on the implementation of the Guidelines on management of non-performing and forborne exposures.

In a second stage and in light of COVID-19 measures taken by Member States, the EBA published Guidelines on legislative and non-legislative moratoria on loan repayments. The Guidelines aim to provide clarity on the requirement for public and private moratoria, which if, fulfilled will help to avoid the classification of exposures under forbearance or as defaulted under distressed restructuring. However, the guidelines recall that institutions must continue to adequately identify those situations were borrowers may face longer-term financial difficulties and classify exposures in accordance with existing regulation. Finally, they highlight that the requirement for identification of forborne exposures and defaulted obligors remain in place.

On a later stage, the EBA announced the extension of the deadline for the application of the Guidelines on public and private moratoria until 30 September 2020. Finally, the Guidelines were reactivated as of 2 December in order to alleviate the effects of the second wave of the pandemic.

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The Bank for International Settlements (BIS)

The BIS following the development of the COVID-19 outbreak announces as of 27 March 2020 the deferral of Basel III Implementation in order to increase operational capacity of banks and to supervisors to respond to the new pandemic. The measures are intended to free up operational capacity for banks and supervisors and join ECB and EBA's measures in this context.

The above-mentioned measures establish a new implementation timeline of the outstanding Basel III standards, as follows:

Standard	Original implementation date	Revised implementation date
Revised leverage ratio framework and G-SIB buffer	1 January 2022	1 January 2023
Revised standardised approach for credit risk	1 January 2022	1 January 2023
Revised IRB approach for credit risk	1 January 2022	1 January 2023
Revised operational risk framework	1 January 2022	1 January 2023
Revised CVA framework	1 January 2022	1 January 2023
Revised market risk framework	1 January 2022	1 January 2023
Output floor	1 January 2022; transitional arrangements to 1 January 2027	1 January 2023; transitional arrangements to 1 January 2028
Revised Pillar 3 disclosure framework	1 January 2022	1 January 2023

IRB = internal ratings-based approach; CVA = credit valuation adjustment.

A new timeline that is not expected to dilute the capital strength of the global banking system but will provide banks and supervisors additional capacity to respond immediately and effectively to the impact of Covid-19.

Furthermore, as of 3 April, the BIS presented additional measures to further alleviate the economic effects of the current crisis. These measures aim to support banks on lending to the real economy and to provide them with additional operational capacity to correctly address stability priorities. They address the application of expected credit loss accounting and ensure that banks may benefit from flexibility on accounting rules as national authorities can adjust how they apply the measures. They also announced the delay by one year of the final two implementation phases of the framework for margin requirements for non-centrally cleared derivatives. Finally, they decided not to collect the data memorandum part of the G-SIB 2020 assessment.

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The European Commission

As of 28 April 2020 the European Commission presented its Banking package to help facilitate bank lending to households and businesses throughout the EU. The aim of this package is to ensure that banks can continue to lend money to support the economy and help mitigate the significant economic impact of the Coronavirus in line with the rest of the measures taken by the different institutions.
The banking package includes an Interpretative Communication on the EU's accounting and prudential frameworks, as well as targeted "quick fix" amendments to EU banking rules.

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Measures taken at National Level

All the measures outlined above complement those taken by national government, supervisory authorities and banks. The following paragraphs summarise the measures implemented in EU jurisdictions with a particular focus on those affecting mortgage payments.

RETAIL

Jurisdiction	Moratorium or payment holiday?	Length of the moratorium or payment holiday	Comments
Austria	Yes	Three months	In Austria, the Parliament and Federal Government decided as of 3rd April to **suspend payments of interest** and **capital** for loans due between 1st April and 30th June for **three months** respectively. Consequently the term of loan will be extended by three months. Therefore, insolvency procedures will not be triggered. This measure applies for loans to consumers and micro enterprises.
Belgium	Yes – government decision	New moratorium until 30.06.2021	The Federal Government together with the National Bank and the financial industry, Febelfin, had implemented as of 21st March 2020 a package of measures to tackle the effects of the crisis. This package included the **postponement of mortgage payments until September 2020** for **households, companies and self-employed** who are suffering financial difficulties as a result of the virus outbreak. Therefore, mortgage payments could be suspended until 31st October 2020 under request at the bank branch without incurring on any cost or fees for the borrower. Furthermore, **customers who received a moratorium until 30 September and 31 October could request for an extension** (the application needed to be submitted before 20 September 2020 and the extension was only eligible for customers with still an income loss related to the corona crisis at the moment of the application). **All extensions ended on 31 December**.

			Households that have an income below EUR 1,700 per month were relieved from accruing interest during the period. Other debtors will settle up the interest later. Businesses could apply for the six-month reprieve before April 30, or make the request after that date for a holiday lasting until October 31. Banks pledged not to charge fees. Since the **beginning of 2021**, a **new measure** has been implemented. For **households**, it is nearly a copy of the previous measures with some additional conditions to be in line with the latest version of the EBA guidelines : the **application for the postponement** (of maximum 3 months) **must be made before the end of March 2021** (and **can therefore run until the end of June 2021 at the latest**). The interest during the postponement will be settled afterwards. Borrowers with a net monthly income of less than EUR 1,700 will not have to pay interest on the payment deferral. Credit providers will not charge any file or administrative costs for this payment relief. The payment extension granted and running in 2020 and the new extension in 2021 may **not exceed a total of 9 months**. After the deferral period has expired, payments will restart. The end date of the credit will be extended by the period of the payment deferral. The measures taken to guide viable **companies** through the crisis are still based on two pillars. Companies will again have the opportunity to apply for a **postponement of the payment of capital** for their business loan. The payment deferral can be requested until 31.03.2021 for monthly repayments/due dates and **can run until 30 June 2021 at the latest**. Banks will not charge any file or administrative costs for the payment relief. The payment extension granted and running in 2020 and the new extension in 2021 may not exceed a total of 9 months. For SMEs, the **second State guarantee scheme will be extended until the end of June 2021** and is extended **for longer-term credits, i.e. up to 5 years**. An **additional measure** has been taken for **viable companies** that have **already** had a **postponement of the payment of capital for 9 months**. Important : those payment deferrals don't meet the EBA Guidelines and the loans have to be put in forbearance.
Bulgaria	No		The Bulgarian Government decided as of 13 March that regarding the fulfilment of financial obligations until the revocation of the state of emergency no sanctions or fees can be imposed as consequence of delays in repayment. This will apply as from 13 April.

Czechia	Yes – government	Three to six months from the due date	As of 12 March the Czech Banking Association, representing the vast majority of banks in the country, announced the adoption by banks of emergency measures to aid their clients, especially those affected directly by the economic consequences of the pandemic. The Executive Board agreed that in proven cases clients would be given the **possibility of a three-month deferral of mortgage and consumer loan repayments**. In this context, self-employed and employees would be prioritised in the granting of the postponements. These possibility has been formally introduced by the Czech Parliament as of 16 April 2020 through the "**Covid Loan Act**", which introduces moratoria of loan (and mortgage) instalments to alleviate the economic effects of the COVID-19 crisis and to protect borrowers. The measures apply to **credit facilities used prior to 26 March 2020**, in some cases, also to credit facilities closed but not used before that date, especially to those secured by mortgage of real estate, including as well refinancing. The "Covid Loan Act", however, does not apply to other types of loans such as those that were default already 30 days before the 26 March, those taken for investment purposes or revolving loans, among others. In order to apply for the moratorium a notification has to be send by the borrower to lender by post, e-mail or other means asking for the moratoria as a consequence of the COVID-19 outbreak and signalling the loans to which he would like to apply it. This moratorium defers **principal payments only**, not interest payments. The postponed instalments (for consumers incl. interest) will be paid later. The interest rate will be preserved according to loan agreement but for consumers it can only reach the maximum of repo rate + 8 percentage points, i.e. 9 percentage points. The moratorium starts on the first day of the month in which a borrower notifies a lender that it opts-in for the protection and **ends on 31st October 2020**, or 31st July 2020. For particular borrowers opting for moratoria, the non-payment of the principal can neither establish default or entitle the lender to enforce the security, however, for corporates the failure to pay interest may still result in the borrower's default and, five lenders the right to enforce the security. Finally, banks can not apply fees or extra charges for the granting of moratoria. All companies and individuals that temporally lost their income as consequence of the pandemic can benefit from the measures by informing their lenders.
Croatia	No	Until June 2020	Payment moratoria was not introduced in the country. However, the Croatian National Bank allow credit institutions to classify as performing those individuals or companies affected by the COVID-19 if a debt suspension, restructuring or new loan is granted. Always as long as the client has no material debt more than 90 days past due.

			Nevertheless, the Croatian Bank for Reconstruction and Development introduced payment moratoria for firms until the end of June with the possibility of extension.
Cyprus	Yes - government	Until 31 December 2020	The Government introduced a **moratorium on loans**. Suspension of instalments (capital plus interest) until 31 December 2020, available to all customers (private individuals and businesses) with arrears less than 30 days as at 29 February 2020. In the rental market the government has suspended eviction for the non-payment of rent for a period of three months.
Denmark	No		In general, demand for financial assistance during COVID-19 from Danish home owners been relatively low. This is to large extent due the financial resilience of the Danish households, but should also be seen in connection with different government support schemes introduced during lockdown, which has now almost been phased out. Consumers and businesses in financial difficulties following COVID-19 have been offered help by Danish mortgage banks and commercial banks on a case-by-case basis. This help includes installment free periods and remortgaging to longer lifetime of the mortgage loan, or new loan facilities and postponement of payment on loans from the commercial banks in order to service the mortgage. 94 % of the completed applications for credits from consumers and 98 % for businesses were approved and a total of 22.000 customers and 7.200 businesses received help. (as of 1 October 2020). A general moratorium for mortgages has not been in demand for reasons stated above. In addition, if introduced, a moratorium would pose a problem for the Danish mortgage model. Danish mortgage loans are provided by legal and regulatory independent mortgage banks with the sole purpose of providing mortgage loans funded by the issuance of covered bonds. The system is based on match-funding meaning that bonds are issued and sold on daily basis to fund new loans paid out. There is direct pass-through of payments between borrower and investor and the terms stated in the prospectuses set the contractual relationship between the issuing mortgage bank and the investor. The terms for the covered bonds may not be broken. Hence it is not an option to generally postpone payments of interest and installments on mortgages.

Estonia	No		No moratoria or payment holidays have been introduced in the country, the only measure taken in this respect is the issuance of **guidelines to banks and credit providers stressing the need to apply responsible lending requirements** as well as pointing to flexibility in the treatment of credit exposures.
France	No		The Bank of France and the Government in cooperation with industry organisations have decided **not to apply any moratorium for mortgage payments**, at least for the time being. There is a 6-month moratorium proposal in the pipeline but so far rejected by MoF. Currently they encourage consumers and banks to make use of the existing flexibility in all mortgage contracts. Furthermore, the so called "Winter Grace Period" which provides for a **suspension of periodic penalty payments and the effectiveness or enforcement of contractual measures on default by the debtor has been extended**. It will expire one month after the termination of the COVID-19 health emergency. Moreover, the French Banking Federation announced as of 15th March the implementation of the following measures by banks: i) accelerated credit instruction procedures for stresses cash flow situations; ii) deferral of payments up to six months for business; and iii) cancellation of penalties and commission due to the extension of deadlines requested by companies.
Germany	Yes – government and industry	Three months from the due date	In Germany a legal act introduces **suspension up to three months from the due date for interest and repayment instalments** becoming due in the period from 1 April to 30 June 2020 (subject to an extension until September 2020), in case it is unacceptable for the consumer to pay debt service to the lender due to lost revenues which are caused by the COVID-19 Pandemic. These measures **were limited to consumers but the scope of this moratorium can be extended to other groups of borrowers, especially small enterprises**. Furthermore, landlords will not be able to terminate occupational lease agreements for residential or commercial real estate for the reason the tenant has not paid its rent in the period from 1 April to 30 June 2020 if and to the extent such non-payment is due to COVID-19. The termination right is excluded until 30 June 2022.

			Finally, the act **introduces suspension of the obligation to file for insolvency until 30 September 2020**. A **private moratorium** was put into force on 30 April 2020 on the basis of an industry initiative led by the vdp, supporting and aiming at commercial mortgage customers (loans secured on commercial properties). Upon eligible request, a **deferral of payments until 31 October 2020** is envisaged and **supervisory requirements mirror those for the legal moratorium**. An **extension of the deferral period until 31 December 2020** was coordinated with the German supervisory authority on 21 July for loans where the obligor applies and the decision on the application of the moratorium is taken before 30 September 2020. The amendment is aligned with EBA-Guidelines updated on 18 June 2020 for continued privileged treatment of underlying loans. Following the re-activation and prolongation of the EBA guidelines on the privileged treatment of deferrals in December 2020 the private moratorium led by the vdp was **extended once again on 5 January 2021**. It is aligned with the updated EBA guidelines and customers can continue to benefit from uncomplicated deferral of repayments in the coming months (until 31 December 2021 and for a possible maximum of nine months). Furthermore, on 4 June, a further **stimulus package of EUR 130bn** was announced by the German government with 57 single measures. The main measures are: - temporary VAT reduction until EOY (from 19% to 16% for main rate and from 7% to 5% for reduced VAT rate); - Municipalities struggling with lower tax receipts receive financial aid from the federal government; - pulling forward the time schedule for public investments; - increasing financial incentives for electric and hybrid vehicles from 3.000 EUR to 6.000 EUR; - and, finally, families will receive €300 per child, more support for single parents.
Greece	Yes – industry and government	Up to three months	The Greek Bank Association announced the introduction of several measures in the context of the COVID19 crisis. First of all, they announced **three-months suspension of loan instalments for individuals**, self-employed or not, being also eligible for EUR 800 compensation.

			On the other hand, for **business** directly affected by the crisis, they introduced the **suspension of loan instalments for performing loans until 30 September 2020**. In these months debtors would only be obliged to pay interests, no principal. The request for the postponement needs to be submitted by individuals to the bank branch. Furthermore, the Association of the bank loan and credit Servicing Companies announces measures to improve the communication with debtors in order to record the affected households and businesses and to customise solutions based on the financial profile of the debtor by offering the option of reduction or suspension of instalments payable for three months. The moratoria was further imposed by the Government at national level as of 30 March. The payment moratoria concerns the suspension of debt instalments (amortisation part) which are due form 17 March until 30 September while the contractual interest remains payable. Legal entities and households can benefit from the moratoria. In this context, the Greek Ministry of Development and Investments announced on 10 April an interest subsidy for existing SME loans for Q2.20 (May-July 2020). Total Budget is of EUR 1.2bn of interest subsidies. Although it does not apply to mortgage borrowers, it is possible to be extended also to mortgage loans.
Hungary	Yes – government and central bank	Until 31st December 2020	The National Bank (MNB) and Hungarian Government announced a **moratorium for all mortgage and corporate loans until 31st December ('Moratoria 1')**. This represent a payment holiday for principal, interest and fees under credit facilities, loans and financial leasing. The moratorium applies to all loans existing at midnight 18 March.
		Between December 31, 2020 and June 30, 2021	Hungarian parliament passed the law on the extension of payment moratoria (Act CVII. of 2020, hereinafter 'Moratoria 2 Law') on October 20, 2020 and it was amended on December 22, 2020 (based on the Government Decree (XII. 22.). According to the referred act, the payment holiday is effective until June 30, 2021 for loans that had been contracted before March 18, 2020. The extension of the payment holiday covers principal, interest rate and fee obligations related to mortgage loans, consumer loans, debit cards, financial leasing.

			Banks will automatically extend the payment holiday for clients who have been already participating in Moratoria 1. As a result of the amendment (as of December 22, 2020) identification for automatic extension is not a pre-condition for clients. Furthermore, clients will have the opportunity to leave and re-enter the scheme in the moratoria period. Those, who are not participating in the moratoria, have to submit their request to the bank.
		Effective (as of January 4, 2021)	The MNB also called to credit institutions to apply stricter consumer protection rules, specially, in relation to opening hours, consumer notification requirements, ATM operations and complaint handling. The MNB supports digital or statistical based solutions for property valuation instead of on-site inspection based valuation in present circumstances. However, on-site based valuation has to be fulfilled in three months from loan disbursement. Also, in case of new loan contracts, disbursement can take place without certifying in a notary document, but it needs to take place in three months from the disbursement. Finally, the Government requires banks to temporarily make personal loans with an interest rate limit. The APRC cannot exceed the central bank base rate by more than 5 pps.
Italy	Yes - government	Until 30st September (for SMEs and micro-enterprises) and for 18 months for first-time buyers	A decree introducing the **moratorium for mortgage repayments until the end of September** has already been approved. The number of instalments will remain the same; but all those falling before 30 September will simply be postponed. These **moratorium measures apply also to loans granted to SMEs and micro-enterprises**. Furthermore, overdraft facilities and loans granted over discount of receivables outstanding as at 29 February 2020 shall not be revoked or cancelled until 30 September. Moreover, there would not be increases in charges or fees for these postponements. Furthermore, amortisation plans shall also be extended accordingly. Together, with the possibility of moratoria, a new decree introducing important changes to "the Mortgage Solidarity Fund for first-time buyer" active from April 2013 and that is addressed to consumers has been introduced. The Public Fund allows borrowers to submit to the bank that provided the loan for the purchase of the first-home, the request to suspend payment of the entire installment, for a total of 18 months, upon the occurrence of the following events that occurred in the 3 years preceding the submission of the suspension request:

			• loss of a fixed-term or permanent job or of the working relationships referred to art. 409 of the Code of Civil Procedure; • death; • serious handicap or condition of non-self-sufficiency; The decree added to the events that allow the suspension of the payment of the entire installment, the following: • suspension of work for at least 30 consecutive working days; • reduction of working hours for at least 30 consecutive working days, corresponding to a reduction of at least 20% of the total time The main access requirements are, among others, an income of no more than EUR 30,000 and a loan amount of no more than EUR 250,000 for the purchase of a non-luxury property used as a main residence. By way of derogation from the ordinary rules of the Fund, for a period of 9 months from 17th March 2020, access to the benefits of the Fund is allowed: (i) to self-employed workers who declare that they recorded in the quarter following 21st February 2020, a decrease in their average daily turnover of more than 33% of the average daily turnover in the last quarter of 2019, as a result of the closure or the restriction of its activity carried out in implementation of the provisions adopted by the competent authority for the coronavirus emergency; (ii) also to those who exceed the income of 30,000 EUR.
Ireland	Yes – industry	Up to six months	At the end of April, Banking and Payments Federations Ireland (BPFI) announced an **extension to the payment break** for up to a **further 3 months**. BPFI members have commenced the process of engaging with customers who had availed

			of the initial payment break to determine if a further break in repayments is required. 140,000 breaks have been issued since mid-March, with almost 80,000 of those having been issued to mortgage customers. There continues to be no impact on the customer's credit record if a payment break extension is availed of. BPFI now has a suite of COVID-19 related FAQs on its website.
Lithuania	Yes - government		The Government has not introduced specific moratoria due to COVID-19, but it has modified the Law on Credit Related to Real Estate expanding the list of circumstances in which a consumer can ask the lender for the deferral of payments for a period of three months.
Luxembourg	No		At the time of writing **no payment holidays or moratorium** have been introduced in the country for private loans, by the Government, however, some banks are offering moratoria on the repayment of existing loans to allow debtors to better cope with liquidity difficulties. Furthermore, the Government has introduced a ban on evictions of residential and commercial lease.
Malta	Yes – industry and Government	Up to 6 months	Several institutions have offered moratoria (usually 6 months but assessed on a case-by-case basis according to the situation and needs of their customers) on the repayment of existing loans – including mortgages - to allow their debtors to better cope with liquidity difficulties. Moreover, most institutions have assisted in other ways such as: waiver of fees on rescheduling of home loans and personal loans; extensions on drawdowns and utilisation of loans free of any charges; temporary increases in overdraft and credit card limits subject to eligibility criteria at no extra charge. On 13 April 2020, the Minister responsible for Public Health with the concurrence and in consultation with the Minister for Finance and Financial Services, issued Legal Notice 142 of 2020 (LN), which sets a moratorium – in exceptional circumstances – on the credit facilities advanced by credit and financial institutions. This LN allows a temporary moratorium to be applied by credit and financial institutions on credit facilities, to support economically vulnerable persons who have been materially affected by the exceptional circumstances brought about by COVID-19. This LN delegates legal powers to the Central Bank of Malta to issue a Directive which would specifically regulate this moratorium. In this regard, the Central Bank of Malta issued Directive 18, following consultation with the Malta

			Financial Services Authority and the Malta Bankers' Association. The definition of a credit facility under the Directive is wide ranging and this includes among others: • Mortgages • Business and commercial loans • Buy-to-let loans It is expected that the LN and CBM Directive 18 will be amended shortly through an extension of the period for applications from 30th June, 2020, to 30 September, 2020. As a result while the application of the moratorium is not obligatory for borrowers, the LN and CBM Directive will both require that the six-month moratoria period will start with effect from the date of approval of the application for new applications received between 1 July 2020 and 30 September 2020.
Netherlands	Yes - industry		There is currently **no moratorium law**, but some banks have decided to introduce measures to help consumers with financial distress as consequence of the current crisis. These **banks offer postponement of payments for mortgages or other consumer credit up to three months**. Moreover, measures to relief companies have been also introduced by banks such as the postponement of their repayment obligations up to six months or even the postponement of interest payments.
Norway	Yes – Ministry of Finance	Up to 6 months	Up to 6 months payment holiday allowed by the Ministry of Finance (MoF). MoF has reduced the countercyclical capital buffer requirements from 2.5% to 1%. The central bank cut interest rates from 1.5% to 0.25%. The government increases their part of the obligations for temporary lay-offs (from day 3), secures 62.4% of salary. The mortgage regulation in Norway allows a certain amount of a lender's approved loans to deviate from the requirements in the regulation (LTV<85% and DTI<5x). This quarterly quota is 10 per cent of the volume of a lender's approved loans outside Oslo and 8 per cent for mortgages in Oslo. MoF adopted a regulation which increases both quotas to 20 per cent from 1 April to 30 September 2020.
Portugal	Yes – Government and Private	Up to 30th September 2021	On the 20th March 2020 the Portuguese Government introduced a law decree with a set of temporary measures to help companies and private individuals to withstand the economic impact of the Covid-19 pandemic. One of these measures is a credit moratorium ("**Public Moratorium**") consisting of the postponement of all payment obligations,

			either of principal only or both principal and interest, under credits granted until 26th of March by financial institutions to eligible Beneficiaries, with contracts suspended firstly for six months until 30th September 2020, subsequently more six months until 31st March 2021, and lastly an additional six months until and 30th September 2021, for requests made by Beneficiaries, firstly until 30th September and, since 1st January, requests made until 31st March 2021, subject to terms and conditions as described below, with loan maturities postponed for the same period the moratoria have been granted. Under this moratorium, cancelation by the financial institution, total or partial, of any approved loan or credit limit is prohibited, regardless of the extent they have been utilized. Any unpaid interest or charges during the period will capitalize and become part of due principal amount that, together with the new postponed maturity, will form the base of the calculation of the new instalment following the end of the credit moratorium. Beneficiaries have the option of requesting that only principal payments, or part of them, are suspended, and can also require, with a 30-day notice period, moratoria to terminate earlier than initially conceded automatically or otherwise. **Public Moratorium**: • **Beneficiaries**: beneficiaries include private individuals, residing in Portugal or otherwise, as well as members of their household, which suffered a decline of their normal income due to prophylactic isolation or illness, providing assistance to children or grandchildren, unemployed registered with the unemployment office, object of lay-off or working for any organisation whose activity has been object of closure as a direct result of the pandemic situation, or that can otherwise make evidence of a temporary decline of 20% or more of the household aggregate normal income. They also include sole proprietorships, SMEs and companies in the non-financial sector, or private social solidarity institutions, non-profit associations and other entities of the social economy (hereafter "non-financial companies and organisations"), with residence or headquarters, and, in case of companies, with economic activity in Portugal. Beneficiaries must have no credits with more than 90-day delinquency with the financial institution conceding the moratorium, and have no overdue payments to tax authorities and social security (or they are either deemed immaterial or subject of repayment plan), as of the 1st January 2021.

			• **Credits**: eligible credits are, regarding private individuals, any residential mortgage loan (including stated-subsidised loans), residential leasing contracts, and consumer loans financing either academic or professional education; regarding non-financial companies and organisations, loans, leasing and factoring contracts essential to, and related with, their business activity, contracted until 26th March 2020. Excluded are credits for the purchase of securities or acquisition of positions in financial vehicles or instruments, credits granted to beneficiaries of schemes, subsidies or benefits, namely tax, for establishing a seat or residence in Portugal (except those under "Programa Regressar"), and credits granted to these entities for individual use by way of credit cards. • **Application**: following the previous deadline of 30th September 2020, requests for credit moratorium can again be made, from 1st of January until 31st March 2021, either physically or electronically, to the financial entity that granted the credit, accompanied by proof of either no debts to tax and customs authority, as well as to social security, or otherwise debts not exceeding €5.000 Euros, or, if they do exceed, the borrower has a negotiation process for the payment of those debts underway, or has otherwise submitted a request to that end until 30th September 2020. Upon receipt, the institution has 5 working days to implement moratorium. If the client does not fulfil all requirements, the institution has 3 working days to inform the client. Unlawful access to the credit moratorium may result in civil or even criminal penalties. • **Period**: i) until 30th September 2021, date to which previous existing moratoria have been automatically postponed, or ii) for up to nine months, for requests made between 1st January and 31st of March 2021. Credits subject of earlier moratoria ending before 30th September 2020 can make a new request between 1st January and 31st March, for a period of time that, added to the earlier moratoria period, does not surpass nine months. This nine-month period does not apply to moratoria outstanding after 30th September 2020, which should run their normal course until 30th September 2021. Beneficiaries can terminate moratoria earlier than initially conceded, provided they give a 30-day notice before the date the want the moratoria to end • **Types**: moratoria can be of interest and principal, or principal only, until the 31st March 2021, for any of the eligible beneficiaries; for the period after 31st March 2021 and until the 30th September 2021, only private

individuals or non-financial companies and organisations whose activity is in certain areas deemed to be among those most affected by the pandemic situation (e.g., accommodation, catering, culture and transport sectors), as per specific list under applicable legislation, can benefit from the principal and interest moratoria in the same terms; for those non-financial companies and organisations whose activity is not part of those sectors, the moratoria after 31st of March 2021 is of principal only, with interest payment becoming an obligation again.

- **Maturity Extension**: Any of these moratoria confer an option to the beneficiary to extend the credit maturity for the same time period of respective moratorium.

Private Moratorium

The protocol agreed among members of Portuguese Banking Association (APB) ("**Private Moratorium**") back in 15th April 2020 (and changed in 19th June), included then important additional measures. Part of these have been subsequently adopted by the Public Moratorium, which was also valid for credits contracted until 26th March, and moratoria requests until the 18th of March. The moratoria was set until September 2020, and subsequently been extended to 31st March 2021 or 30th June 2021, for residential loans and consumer loans, respectively, the latter in case of loans up to €75.000 and moratoria requests made after 30th June 2020.

All terms and principles concerning the right of beneficiaries to terminate a moratoria, to change into another type of moratoria, to extend the credit maturity for the same time-period, are the same of the Public Moratorium.

Credit moratoriums granted under the Private Moratorium between 27th March and 17th June 2020 that are eligible under the Public Moratorium become automatically subject to it, once customers send to the credit institution all relevant evidence and documentation until 30th June 2020.

Important Note 1: credits and beneficiaries covered by both Public Moratorium and Private Moratorium measures will not be considered or classified as non-performing loans or non-performing entities classification and will not account for the related bank ratios

			Important Note 2: the text above serves as mere summary and does not replace reading underlying legislation, which so far included decree-law 10-J/2020, of 26th of March, law 8/2020 of 10th April, decree-law 26/2020 of 16th June, law 27-A/2020 of 24th July, decree-law 78-A/2020 of 28th September, and decree-law 107/2020 of 31st December, as well as the APB Agreement available at APB website.
Poland	Yes - industry		**Polish banks** together with the Polish Bank Association decided on the introduction of measures to relief consumers and companies. These measures include the **postponement of repayment of the principal and/or interest instalment up to 3 months**. Furthermore, for those loans due in the upcoming months the period is up to 6 months. The postponement cannot include charges such as fees or commissions for the beneficiaries of these measures. The measures apply to **housing loans, consumer loans for private individuals and corporate clients**. Postponements on leasing and factoring payments can also be applied. In order to benefit from these measures the clients would have to justify the need to postpone the loan repayment due to a financial situation derived from the current COVID19 crisis.
Romania	Yes – industry and government	Until 31st December	The Romanian Parliament as of 30 March 2020 passed an emergency ordinance introducing the **suspension of payments of instalments, including capital rates, interest and commissions, until the end of 2020 for loans granted until 30 March 2020 for individuals and companies** whose income has been affected either directly or indirectly following the situation generated by the Covid-19 pandemic. Furthermore, debtors which are legal entities must have suspended their activity (totally or partially) following the decisions issued by the authorities or have experienced a decrease of the income as of March 2020 by at least 25% compared to the average of their income as for January and February 2020. Nevertheless, most of the **banks** previous to the introduction of the above-mentioned law already took initiatives at individual level, **offering clients postponement of the payments between 2 and 6 months**. A new Government Emergency Ordinance (GEO) which amends the previous one was enforced on 1 January 2021 extending the measure of suspending the payment of capital, interest and commissions for loans and leasing facilities granted to individuals and legal entities.

			The main requirements which must be fulfilled by debtors are: (i) they are a party to loan agreements entered into by 30 March 2020 and those did not reach maturity, nor did the relevant creditors declare the anticipated maturity by 31 December 2020 inclusive; and (ii) loans are not in arrears at the date of submitting the request for the postponement of payments. In addition, all categories of debtors other than natural persons must also fulfil the following conditions: (1) they must not be insolvent as of the date of requesting the postponement of payments; and (2) they must have experienced a decrease in average income of the last 3 months prior to the application date by at least 25% compared with the same period of 2019 or 2020, as the case may be. Subject to the eligibility criteria mentioned above, the following debtors fall into the scope of the GEO, namely: those that have been already granted postponement of payments in compliance with the previous ordinance, those who benefited from a non-legislative moratoria as well as those who did not apply for a postponement as per the previous ordinance. The maximum period for payments' suspension is 9 months which takes into account also the first deferral period granted during 2020 based on the previous ordinance and/or a non-legislative moratorium. Debtors can apply for suspension until 15 March 2021, while banks' approval is expected by 31 March 2021. The interest due for the principal amounts the payment of which has been postponed will be capitalized with respect to all types of loans, except for the mortgage loans granted to natural persons. For mortgages contracted by individuals, the payment of the outstanding obligations under moratoria accumulated during both deferral periods will be made in 60 equal monthly installments starting with the month immediately following the end of the second deferral period, no interest rate being charged on such amounts. The Romanian Government guarantees 100% of the payment of interest calculated as per the above, in relation to mortgage loans granted to individuals. The Central Bank clarified on 24 March 2020 that the postponement of payments related to the Covid-19 pandemic would not entail either the reclassification of the credit or the obligation of the banks or financial institutions to create

			the corresponding provisions with respect to the postponed amounts. Also, credit institutions are allowed to temporarily use the capital buffers constituted so far under the prudential regulations, until such date which will subsequently be communicated by the NBR.
Slovenia	Yes – government for corporates		On 2 April the Slovenian Ministry of Finance announced the introduction of **payment moratoria** only for **corporates, self-employed and farmers** on all loan contract of maximum 12 months. No moratoria for individual mortgages have been introduced.
Spain	Yes – government and industry	Up to six months	On Tuesday 17 March the Spanish Government introduced a new decree declaring a state of emergency in the country and including several measures to alleviate the economic effects of this crisis. One of the measures of the Decree is the **moratorium for mortgage repayments exclusively for those who have been severely affected** by COVID-19. Therefore, during the term of the moratorium, the **mortgage debt linked to the acquisition of a main residence will be suspended** and the creditors is not allowed to demand the payment of principal instalment or interest or accelerate the financing. Those who can benefit from the moratorium should be in one of the following scenarios: (i) If the mortgage debtor becomes unemployed or, in the event that the debtor is an entrepreneur or a professional, a substantial loss in their income or a significant decrease in their sales (being this of, at least, 40%) is experienced. (ii) If the aggregate income of a family unit corresponding to the preceding month to the relevant moratorium request is not higher than 3 times the Spanish monthly Public Multiple Effect Income Indicator (IPREM). The above threshold may be adjusted depending on the existence of descendants, ascendants or members with disabilities within the family unit or the single-parent nature of such family unit. (iii) If the mortgage instalment, plus the basic expenses and supplies, is equal to or higher than 35% of the net income of the family unit. (iv) If, as a result of the health emergency, the family unit has suffered a significant alteration of its economic situation in the framework of its access to a main residence. A significant alteration of the economic situation shall be understood to occur when the mortgage burden over the family income has been multiplied by, at least, 1.3 times.

			This moratorium may be requested by the relevant mortgage debtor until 15 days have elapsed from the date on which the RDL 8/2020 ceases to be in force. The RDL 8/2020 does not set out a specific term for the moratorium. These measures will be applied under the same conditions to guarantors of mortgage debtors. The guarantors and third party mortgagors that are in a "vulnerable situation" will be entitled to request the creditors to exhaust the main borrower's assets before claiming the debt from them, even where the benefit of exclusion (beneficio de excusión) set forth in the Spanish Civil Code has been previously waived by the relevant guarantor or third party mortgagor. The former Law Decree was amended by RDL 11/2019, as of March 31,which introduces the following changes: -The moratorium is extended up to a maximum of three months. -The range of beneficiaries is widened now including self-employed and professionals as well as landlords when they are affected by rent moratorium which is also adopted by this Royal Decree. -The moratorium is to act “ope legis” e.g. with no need of a explicit novation of the contracts. -Banks´ reporting obligations to the Bank of Spain are considerably increased and a disciplinary regime is also incorporated to sanction breaches of the Law. -Other technical improvements are also adopted. On April 21 a new change was introduced into the RDL 8/2020 by RDL 15/2020 it making clear that as the legal moratorium acts “ope legis” there is no need to applying all the mortgage consumer´s protection legislation contemplated in Law 5/2019 .On top of that it was stated that the moratoriums are to be formalized unilaterally by the bank in the pertinent notarial document before the former having access to the public register. According to the Spanish constitutional system once a RD Law has been adopted by the Parliament, it is processed as a project of law so possibilities to introducing amendments still exist.

			Furthermore, the Spanish three banking associations have also introduced private moratoriums which supplement the legal (Government) one. Their extension is of six months and only affects the payment of principal instalments. The requirements to benefit from it are also less demanding than the ones introduced by the government. The RD Law 19/2020 as of May 26 has regulated some aspects of the private moratoriums, and in particular: -Any changes to the interest rate agreed are forbidden, as simultaneously imposing new charges or marketing new products (tying). -Legal and private moratoriums are compatible ,but the latter to start only once the former are temporally extinguished. - A short note with the main characteristics of the moratoria and the terms of the loan´s modification have to be delivered to the borrower. - There is a clarification on the parts of the mortgage consumer protection legislation are to be applied. -Notarial intervention is regulated and also the specific tax regime.
		Tourism sector – up to 12 months	On July 3 the RD Law 25/2020 was approved introducing a new public mortgage moratorium, benefiting tourism sector entrepreneurs. The maximum extension is up to 12 months and affects only the principal repayments. This new moratorium and the previous above-mentioned cannot be granted at the same time. RD Law 26/2020 of July 8 amended RD Law 8/2020 ,extending the period to request for the legal moratorium until September 29 and clarifying that where a private moratorium is additionally granted by a bank it only will become effective once the life of the legal one has finished.

			By RD Law 3/2021 as of February 2, the application period for moratoria is extended until March 30 2021,being the maximum total duration of nine months.The new measures affect to all the classes of moratoria.
Sweden	Yes – possibility to suspend amortisation	Until the end of August 2021	The FSA has reduced the countercyclical capital buffer requirements to 0%. The moratorium means that banks may reduce or suspend amortisation for a limited period of time. It will be possible to **offer consumers suspension of payment until the end of August 2021**. The central bank is offering five-year loans to banks for onward lending to companies. The government has issued help packages for companies which have lost revenues. The payment holiday just relates to a possibility for lenders to give borrowers temporary exemptions from the amortization requirement. CCyB set at 0% for at least next 12 months. Banks are allowed to temporarily fall below LCR requirements.
United Kingdom	Yes – government and industry		The Government and the Financial Conduct Authority published a note with provisions for lenders. These provisions are as follows: i) where a customer indicates they may potentially experience payment difficulties and wishes to receive a payment holiday, a **firm should grant a three month payment holiday**; ii) a firm may ask a customer if they would like a payment holiday where the customer provides information suggesting they might face payment difficulties. iii) a firm may decide to put in place a payment holiday of a different duration if appropriate and in the best interests of the customer. iv) firms may provide more favourable forms of assistance to the customer (e.g. reducing or waiving interest); v) customers are not to be charged fees for the grant of a payment holiday (but this does not include accrual of interest of sums owed); vi) there must not be a negative impact on a customer's credit score arising from a payment holiday; vii) firms are not to commence or continue repossession proceedings against customers at this time unless the customer has agreed it is in their best interests. Only those who are in a financial distress situation as consequence of COVID19 can benefit from the above-exposed measures. The FCA encourages firms to use the flexibility in the FCA rules to support consumers and customers.

			Moreover, the banking and finance industry have also announced various announcements regarding payment holidays through UK Finance. As of5 March 2020, UK Finance announced that banks, building societies and credit card providers were ready and able to provide support to consumers and businesses in light of the impact of COVID-19. Measures included offering or increasing overdrafts or allowing repayment relief o loans or mortgages. On 18 March 2020, UK Finance announced additional support for homeowners and residential landlords provided by banks and lenders including: (i) extending the option of a payment holiday of up to three months to residential buy-to-let landlords who have tenants who are experiencing issues with their finances, as either a direct or indirect result of Coronavirus; (ii) a three month moratorium on residential and buy-to-let possession action to start from 19 March 2020. Finally, Banks have announced a series of measures already to help (outlined above) and the industry placed adverts in national newspapers to highlight the support available.
Ukraine	No		On 4 April the Ukrainian Government introduced a Law Decree to extend the additional social and economic guarantees in connection with the spread of the coronavirus. The measures **do not introduce moratoria of mortgages for households or business**, however, some of the measures concern the rental market. In this context, the law specifies that those tenants that cannot make use of the property as a direct consequence of the quarantine may be released from the payment of the rent, specially applies to the business that have had to cease activity due to the COVID-19 outbreak. Moreover, a discount of 50% for SMEs using municipal property in the city of Kyiv will apply from March 11 to 31 July.

FUNDING

Country	Type of measure	Comment
Austria		The Austrian Government as of 8 April announced the introduction of a EUR 38 bn fiscal stimulus which includes the provision of loan guarantees. These should be addressed to enterprises heavily affected by the crisis of up to the amount of 3 months revenues.

	State Guarantee	The maximum amount per business is of EUR 120 Mio. The state guarantees 90% of the loans but it might turn retrospectively into an advance of 25-75% of the fixed costs of the undertaking, with a maximum of 15 bn EUR.
Belgium	State Guarantee	The Belgian Federal Government as of 22 March 2020 announced the creation of a EUR 50 bn fund to cover the losses incurred on future loans for corporate and self-employed through the introduction of state guarantees on all new additional credits and credit lines with a maximum maturity of 12 months, with the exception of refinancing loans. The fund aims to allow banks continuing to grant loans while keeping those business in difficulties alive until the economy recovers. Losses incurred under these facilities will be revaluated at the end of the guarantee scheme and allocated between the financial sector and the government. More in detail, for losses up to 3% the value of the guarantee portfolio will be 100% for the bank; for losses between 3 and 5% the value of the guaranteed portfolio will be divided 50-50 between the bank and the government; and, finally, for losses above 5% the bank will cover 20% and the government 80%. This state guarantee was possible for credit demands until 31.12.2020 and was not extended. A second state guarantee scheme was created for new credit applications until June 2021 at the latest. Only for SME's. Credits with longer maturities, term of more than 1 year and up to 5 years. It's an optional system: banks are free to bring a loan with a maturity of more than 1 year and up to 5 years under State guarantee II or not. The bank will cover 20% and the government 80% of the losses of a loan guaranteed by the second state guarantee.
	Countercyclical buffer	The National Bank of Belgium decided to maintain the countercyclical buffer rate for exposures in Belgium at 0% in the first quarter of 2021.
Bulgaria	State Guarantee	The Bulgarian Government increased the capital of the state-owned Bulgarian Development bank by BGN 700 mn. The fund will be used to provide portfolio guarantees to banks.
Croatia	State Guarantee	The Government has introduced several loan instruments and guarantee schemes to support liquidity of SMEs.
	LCR	Credit institutions are allowed to fall under LCR.
Czechia		On 6 March the Czech Government announced the introduction of state guarantees of credit by the amount of CZK 5 bn. These program of interest-free public loans is principally addressed to SMEs and will be available until 31 December 2020.

	State Guarantee	Moreover, they also announced state guarantees for private bank loans, in which the government will cover up to 80% of the principal.
Denmark	Covered Bonds	**Valuation of property.** As a result of the Covid-19 outbreak in February/March 2020 the Danish FSA granted temporary exemption from the requirement for internal inspection of property for housing and during a period also for commercial property (purpose was financing a sale of the property) in connection with covered bonds financing. The property must continue to be inspected externally (from the outside). It reduced the risk of transmission of infection in relation to both the owner of the property and the employees who had to make the valuation. The exemptions were temporarily prolonged and by the end of June 2020 the exemptions expired. During autumn 2020 and the second wave of Covid-19 the Danish FSA has granted again a temporary exemption from the requirement for internal inspection of property for housing. The exemption has been temporarily prolonged until the re-opening in Spring 2021. On the 6 June 2021 the exemption expired. For a short period in February to April 2021 the Danish FSA also granted temporary exemption from the requirement for internal inspection of commercial property.
	State Guarantee	No state guarantee has been issued on loans funded by covered bonds nor on covered bonds. There are Government guarantee schemes for loans from the commercial banks – c.f. paragraph on retail initiatives above.
	LCR	Banks can take into account in the LCR the ongoing opportunity to roll-over short term borrowing from the Danish Central Bank.
	Countercyclical buffer	It has been fully released in March 2020. In June 2021 the Danish Minister for Industry, Business and Financial Affairs has decided that the countercyclical buffer will be reactivated at a level of 1 percent for the third quarter of 2021 and applicable from 30 September 2022.
Estonia	State Guarantee	The Estonian Government announced loan guarantees for already issued bank loans to non-financial corporations.
France	State Guarantee	In mid-March, the French Government introduced a state loan guarantee of GEUR 300.
	Countercyclical buffer	It has been lowered to 0%.

Germany	Covered Bonds	BaFin introduced **the suspension of inspection requirements** for mortgaged real estate property prior to registration of the corresponding mortgages to Pfandbrief cover pool: For "small loans" up to EUR 400,000 subject to haircut of at least 10% on mortgage lending value; for other loans subject to haircut of at least 20% (omitted internal and external inspection) or 15% (omitted internal inspection only) on mortgage lending value; and alternatively, valuers may refer to online visual assessments (e.g. via mobile phone); in such cases, the haircuts could be reduced by 5%-points or, in case of small loans, be omitted entirely.
	State Guarantee	As of 13 March the German Federal Government announced the expansion of the **existing liquidity assistance programmes** to make it easier for companies to access cheap loans. Conditions for some loan programmes by the state-owned promotional bank Kreditanstalt für Wiederaufbau (KfW) for Incumbent as well as young companies will be loosened by raising the level of risk assumptions (indemnity) for operating loans, and extending these instruments to large enterprises of any size (previously, the limit was EUR 500 million). Higher risk assumptions of up to 90% (for small and medium-sized enterprises according to the EU definition and up to 80% for larger enterprises) for operating loans of up to EUR 1000 mn will increase banks' willingness to extend credit. In the case of the KfW programme aimed at larger companies, the current turnover threshold of EUR 2 bn will be cancelled. These loans will take the form of syndicated loans and will not be restricted to special sectors (in the past, only innovation and digitalisation projects were eligible). Risk assumption will be increased to up to 80% (from 50%). This will improve larger companies' access to syndicated loans." In addition, a special **KfW Quick Loan 2020** ("Schnellkredit 2020") for small companies with 10 or more employees (maximum EUR 500,000 for companies up to and including 50 employees, maximum EUR 800,000 for companies with more than 50 employees) is part of the German government's package of measures to cushion the economic consequences of the corona crisis. The financing partners (banks and savings banks) are granted a 100 % indemnity against liability in connection with the refinancing of a corresponding loan to the final borrower. The KfW Quick Loan 2020 is available to companies that have temporary financing difficulties due to the corona crisis but are structurally sound and competitive in the long term. For guarantee banks (Bürgschaftsbanken) **the guarantee limit will be doubled**, to EUR 2.5 mn. The Federation will increase its risk share in guarantee banks by 10% to make it easier to shoulder risks, which are difficult to assess in times of crisis. The upper limit of 35% of operating resources in guarantee banks' total exposure will be increased to 50%. To accelerate liquidity provision, the Federation is giving guarantee banks the freedom to make guarantee decisions up to EUR 250,000 independently and within a period of three days.

		The large guarantee programme (parallel guarantees from the Federation and the Länder), which was previously limited to companies in structurally weak regions (upwards of EUR 20 mn), will be opened up to companies in other regions, as well. In this programme, the Federation covers operating and investment loans and with a surety requirement upwards of EUR 50 mn and a guarantee rate of up to 90%. Both houses of parliament have approved a law to establish a **Wirtschaftsstabilisierungsfonds** (economic stabilisation fund). The fund is structured in the most flexible way possible, and has the full array of financial instruments at its disposal through which it can execute transactions. To qualify for investments or guarantees, companies have to meet 2 of 3 criteria (revenues exceeding EUR 50 Mln., balance sheet volume exceeding EUR 43 Mln. or employees exceeding 249) and to be declared as significant for our economy, national security or if they are active in specified sectors. The fund's instruments are organised in three pillars: · EUR 400bn. in guarantees to help companies attract funding in capital markets · EUR 100bn. in equity instruments to stabilise corporations if and when the need arises · EUR 100bn. in loans to provide funding to promotional bank KfW's special programmes. To support businesses and self-employed people following the **2nd lockdown** starting on 1 November the German government has launched swift, unbureaucratic assistance worth up to 10 billion euros and granting subsidies for each week of closure equivalent to 75 per cent of average weekly turnover in November 2019 ("**Novemberhilfe**"). A prolongation of this support was decided upon on 23 December ("**Dezemberhilfe**").
	Supervisory Measures	CCyB has been lowered to 0%. BaFin implemented all of EBA's guidelines and advices and followed all of ECB's advices. BaFin issued various FAQ concerning the application of the EBA GL on moratoria accounting as well as concerning national guidelines on risk management (MaRisk).
Hungary	Covered Bonds (between May 4, 2020 and	Hungarian central bank (MNB) has announced that it would restart its previous mortgage covered bond purchase program from May 4, 2020. Similar to the purchase program launched in 2018, the MNB will buy covered bonds both on the primary and secondary markets. Although the detailed conditions of the program is still to be published, it was communicated that the framework would be largely identical with the facility in 2018. This means that fixed coupon, HUF denominated longer-term

	November 16, 2020)	mortgage bonds would be eligible in the programme, whereas the total amount purchased by the MNB would not exceed the 50% of the issued stock.
	Covered Bonds (from November 16, 2020)	Hungarian central bank (MNB) announced on November 3, 2020 that it would stop its primary market covered bond purchases under the Mortgage bond purchase programme II. (see above), while it would maintain its secondary market presence in order to support market stability. At the same time the MNB declared its intention to launch a Green Mortgage Bond Purchase Programme in the near future. The details and the conditions of the planned Green Mortgage Bond Purchase Programme have not been published at the time of concluding this report (as of December 14, 2020).
	Covered Bonds (effective as of January 4 2021)	Amendment of the Mortgage Funding Adequacy Ratio (MFAR) requirement: the restriction of cross-ownership of mortgage bonds within the banking sector is cancelled. Before this current revision, the difference between the mortgage bonds owned by a given bank and a predetermined ratio of all accepted funds had to be "netted", i.e. deducted from the amount of accepted funds, unless the difference was negative. This restriction is withdrawn in order to support the reduction of the cost of long-term HUF funding and to support banks to buy mortgage bonds. Amendment of the Mortgage Funding Adequacy Ratio (MFAR) requirement: the restriction of cross-ownership of mortgage bonds within the banking sector is cancelled. Before this current revision, the difference between the mortgage bonds owned by a given bank and a predetermined ratio of all accepted funds had to be "netted", i.e. deducted from the amount of accepted funds, unless the difference was negative. This restriction is withdrawn in order to support the reduction of the cost of long-term HUF funding and to support banks to buy mortgage bonds. Parallel with the covered bond purchase programme, the MNB also launches a programme for buying HUF denominated, fixed coupon government bonds with a longer than three-year tenor. MNB participates on both the primary and secondary government bond markets. The purchased amount from certain series cannot exceed 33% of the total issued amounts per series. Both purchase programs will be maintained as long as economy and financial market conditions justify such facilities.
	Liquidity	MNB also introduced a new long-term collateralized lending facility with five maturities (3M-6M-12M and 3Y-5Y) at a fixed rate set in the announcement of the tenders. The interest rate may not be lower than the base rate effective at the time of the tender. The program, which aims at providing sufficient liquidity to the banking sector and stabilizing government bond yields, has no dedicated

		maximum amount, but the MNB has its right to decide on the accepted amount in line with the development of market conditions. Range of eligible assets as collaterals for MNB operations was extended with loans of large corporates. Funding for Growth Scheme GO! was launched by the MNB (similar to the previous FGS programme) that provides long-term refinancing loans for banks to fund small- and medium-sized enterprises at zero interest rate, while the borrower enterprise pays a maximum of 2.5% interest rate. Bond Funding for Growth Scheme remains at place with a total volume of HUF 450bn that provides opportunity for the MNB to purchase corporate bonds issued by local non-financial corporations (about HUF 200bn is still available within the program). MNB also decided on some adjustment for certain macro-prudential regulatory ratios -Foreign Exchange Funding Adequacy Ratio (FFAR) Foreign Exchange Coverage Ratio (FECR)- to support market stability.
	MREL, Capital	Compliance with MREL is postponed for 6 months. MNB will provide relief from the maintenance of the systemic risk buffer (SyRB) in relation to commercial real estate project loan exposures until the end of 2020. Internal capital adequacy assessment process reviews (“ICAAP reviews”) of banks will be suspended until 30 September 2020, while the presently valid capital adequacy ratios (“TSCR ratio”) expected by the MNB will be maintained, but the institutions may request the ICAAP review to be conducted if they are able to allocate proper resources, and the MNB will make a decision on such requests. In the case of a possible violation of the Pillar II capital guidance (“P2G”), the MNB will not apply the set of supervisory tools at its disposal.
Ireland	State Guarantee	The Government offers partial guarantee up to 80% to banks against losses on qualifying SMEs loans. Loans from EUR 10k - EUR 1mn for periods up to 7 years. The Irish Government has also introduced a EUR 200 mn package for enterprise support including a Rescue and Restructuring Scheme. Loans between EUR 25k and EUR 1.5 mn will be available at reduced rate, with up to the first EUR 500,000 unsecured.

		Microenterprises will have access to up to EUR 50k as an immediate measure to deal with exceptional circumstances that micro-enterprises (turnover of less that EUR 2 mn and employing less than 10 people) are facing.
	Countercyclical Buffer	It has been lowered to 0%. This will free up bank capital to provide, and to restructure and extend existing loans.
Italy	State Guarantee	The Italian Government as of 8 April introduced a Liquidity Decree with several measures aimed at ensuring access to liquidity to Italian Enterprises through a public guarantee scheme covering also the export credit. The main actions gathered by this decree are: • SACE public guarantee for loans to Italian Enterprises, a public guarantee issued the Italian export credit agency in respect of new loans in any form which will be granted to Italian Enterprises by banks and non-banks lenders. The Garanzia Italia will be available up to the maximum aggregate amount of EUR 200 bn. The Guarantee covers: (i) 90% of outstanding loan principal amount in respect of enterprises having less than 5,000 employees in Italy and whose total turnover does not exceed Euro 1.5 billion; (ii) 80% of outstanding loan principal amount in respect of enterprises having more than 5,000 employees in Italy and whose total turnover is higher than 1.5 billion and does not exceed Euro 5 billion; and (iii) 70% of outstanding loan principal amount in respect of enterprises whose total turnover is higher than Euro 5 billion. Furthermore, all companies that would like to benefit need to meet several requirements. Finally, it will be in place until 31 December 2020, for loans with a maturity not higher than 6 years. • Public guarantee covering the exposures arising out of guarantee issued by Cassa depositi e prestiti maximum aggregate amount of EUR 200 bn. The guarantee will cover the guarantees (including first loss guarantees) issued by Cassa depositi e prestiti S.p.A. by 31 December 2020 in respect of portfolios of loans granted by Lenders to Italian Enterprises which have suffered a decrease of their turnover due to the COVID-19 outbreak, provided that the Lenders undertake to grant new loans to such eenterprises as a consequence of the capital relief deriving from such guarantees. • Extension of the existing provisions of the SMEs central guarantee fund to provide additional support to SMEs. The guarantee of the SMEs Fund is granted free of charge and the maximum guaranteed amount for each beneficiary Enterprise (which cannot have more than 499 employees) is equal to Euro 5 million. The maximum guarantee rate is increased from 80% up to 90% for direct guarantees and from 90% up to 100% for reinsurance/counter-guarantees.

	LCR	Banks are allowed to go under LCR.
	Countercyclical buffer	No countercyclical buffer.
Latvia	State Guarantee	Two different support instruments have been introduced for companies, guarantees for bank loan holidays and current asset loans.
Lithuania	State Guarantee	The Latvian Government has extended the scope of sectors eligible under the system of Individual Guarantees for Loans while the application procedures have been simplified. Moreover, it has introduced new measures on Portfolio Guarantees for loans.
	Countercyclical buffer	It has been reduced to 0%.
	LCR	Banks are allowed to go under LCR.
Luxembourg	State Guarantee	The Government has introduced different measures to help SMEs. Some of the most relevant ones are as follows: • Bank guarantees for companies with cash-flow difficulties. The guarantee offered by the Chamber of Commerce will be up to 50% of the credit and a maximum amount of EUR 500,000 per guarantee. • "Special Anti-Crisis Financing" via the banks to cover financing need via indirect loans in the amount of EUR 12,500 to 16 mn. • State guarantee scheme for new bank loans for a maximum period of 6 years. The new credit lines will be guaranteed at 85% by the State and 15% by the participating banks, and this for loans granted in the period from 18 March 2020 until 31 December 2020. They are understood as a subsidiary tool, after recourse, where possible, to the tools of the National Credit and Investment Company (SNCI), the Office du Ducroire or the European Investment Bank in particular. The benefit of the new credits is reserved for companies that were viable before March 18, 2020 (state of emergency).
Malta	State Guarantee	The Government has provision EUR 900 mn in loan guarantees to businesses.
Netherlands	State Guarantee	On the latest the Dutch Government, as of 17 March has also taken a series of measures to grant financing to public entities and companies. The two most relevant programmes are the **credit guarantee for SMEs** and the **loan guarantee scheme for business.**

		The former has been further expanded and can currently be used by entities struggling to obtain financing who met the following conditions: less than 250 employees and, a maximum turnover of EUR 50 million per year, or a maximum balance sheet total of EUR 43 million. If conditions are met the Dutch Government will provide support for 75% of the credit with a 90% government guarantee (max. EUR 1.5 bn). Loans eligible under the SME credit guarantee scheme have a maximum term of 6 years starting from the date the first repayment is made on the loan or 12 years if the loan is purposed to invest in real estate or ships. The SME credit guarantee scheme will be at least in place until 30 June 2022. These guarantee can be used for obtaining bridge loans to meet their financial obligations or increasing overdraft limits applying also to loans on current accounts with a maximum term of two years. Furthermore, as of 7 April the provision SMEs have to pay the government for the guarantee has been lowered from 3,9% to 2%. With the approval of the Dutch financial supervisory authorities and Dutch minister of finance banks and non-banks can become accredited lenders that can make use of the state guarantee. In the latest, the loan guarantee scheme for business, the budget has been increased to EUR 1.5 bn to which companies can apply from 1 April 2020 and for one year. The scheme aims to facilitate borrowing for SMEs that have their main activities in the Netherlands, enter a new loan or refinance their existing loan. The scheme provides a guarantee of the state up to 80/90% of the loan for large companies and SMEs, respectively. The term must be lower than 8 years and certain industry sectors are excluded from accessing the scheme (agriculture, real estate…).The Scheme is available until 31 May 2020.
Norway	Central bank facilities	The limits of 20% per ISIN of covered bonds have been removed, also allowing retained covered bonds and no rating requirement for municipality bonds used as collateral for unlimited access to borrowing in the central bank up to 12 month. Also up to USD 5 bn of 3 month liquidity auctions.
	State Guarantee	Introduced a NOK 50 bn state guarantee up to 90% of all new bank loans and credit facilities granted to companies. The maximum loan maturity is of 3 years.
	Government Bond Fund	Up to NOK 50 bn for purchasing corporate bonds in Norway. Up to 50% sub investment grade. Up to 50% financial bonds.
	Cash Compensation	Cash compensation for companies with >30% decline in turnover: up to NOK 80 mn per company per month for March, April and May.

	LCR	Banks are allowed to temporarily fall below LCR requirements.
	Countercyclical buffer	The countercyclical buffer has been reduced to 1% for at least next 12 months, down from 2.5%.
Poland	State Guarantee	The Polish Government has extended the credit guarantee program for SMEs, where now exposures are covered up to 80%. They will as well support the payments of loan interest for corporations. Finally, a public infrastructure investment fund has been created.
	LCR	Flexible approach to banks not fulfilling LCR requirements.
Portugal	State Guarantee	The Government has introduced state guaranteed loans (3000 MEUR) to non-financial corporations, granted by the banking system. The Government has decided how the funds should be distributed among the different sectors of activity. As such, concerning State guarantees, 600 MEUR are dedicated to restaurants and similar activities, 200 MEUR are attributed touristic agents and travel agencies, 900 MEUR to hotels, the remaining 1.300 are reserved to other industries, namely, textiles, clothing and shoes, mining and wood. The lines may be amortized over a period up to 4 years and some include a grace period of 1 year. State guarantees up to 90% Establishment, by Turismo de Portugal (the Tourism Portuguese supporting agency), of a €60 million support line of credit for micro-non-financial corporations (less than 10 workers and less than 2 MEUR of total assets) in the tourism sector. The amount of support is limited to a maximum of 20. 000 euros by enterprise and is calculated on the basis of the number or workers (750 euros per each). No interest will be charged, the maturity is 3 years, including a 12-month grace period.
	LCR	Flexible approach to banks falling under LCR requirements, and those considered less significant institutions are allowed to operate under LCR.
	Countercyclical buffer	No countercyclical buffer.

Romania	State Guarantee	Romanian Government offers a guarantee scheme dedicated to SMEs under IMM Invest program amounting to EUR 4.1bn. SMEs are able to access investment loans with maturity of max 72 months and working capital facilities with maturity of max 36 months, where the State Guarantee may cover up to 8O% of investment loans value and up to 90% of working capital loan value, interest is fully subsidized for a period of 8 months while the fees & commissions charged by the banks are fully subsidized. The State aid scheme for SME support was set to be valid until 31 December 2020 (i.e. selection of beneficiaries) while the payment of the relevant grant to be made by 31 October 2021. However, the program is intended to be continued within 2021.
	Capital, liquidity	Banks are allowed to temporarily fall below LCR requirements. Countercyclical buffer maintained to 0%.
Spain	State Guarantee	The Government will open a new line of guarantees via the Instituto de Crédito Oficial (ICO) of up to EUR 100 bn so that the financial sector provides liquidity to firms and self-employed workers to fund working capital, payment of bills and other needs to maintain operations and protect economic activity and employment. Moreover, the Instituto de Crédito Oficial is allowed to increase its funding by EUR 10 bn to extend its existing lines of credit to companies and self-employed workers. The main features of the first tranche of public guarantees (amounting to 20bn), approved on 24 March 2020, are: • 50% will cover loans to SMEs and self-employed workers. • The guarantees will cover financing for the payment of salaries, bills, working capital or other liquidity needs. The guarantee will cover 80% of new loans and loan renewals to SMEs and self-employed workers, whereas for the rest of companies the guarantee will cover 70% of new loans and 60% of loan renewals. By RD Law 25/2020 of 3 July a new line of guarantees of up to EUR 40.000 mn and lasting until December 31 was approved by the Government, the individual guarantees are to be granted by the Ministry of Economy. In November, the RD Law 8/2000 was once more modified, being the main changes: - Extension of the time that guarantees can be granted until June 30 2021; - Extension of the guarantees life up to a maximum of 8 years . - Grace period of principal payments up to a maximum of 24 months"

	Countercyclical buffer	No countercyclical buffer.
Slovakia	State Guarantee	The Government will be granting banking guarantees in the amount of EUR 500 ml monthly.
Sweden	Covered Bonds	The issuer of covered bonds can use their own bonds as collateral for loans from the central bank. All monetary policy counterparties have the possibility to just use covered bonds as collateral when they borrow from the central bank. The central bank has started to include covered bonds in their QE as eligible assets.

Annex I - Related measures and other news

European Central Bank

Real-time weakness of the global economy: a first assessment of the coronavirus crisis

On **24 March**, **ECB** published a **working paper assessing the COVID-19 crisis**. The paper proposes an empirical framework to **measure the degree of weakness** of the global economy in real-time. This involves the construction of a **Global Weakness Index** that has three main features: 1) It can be updated as soon as new regional data is released; 2) It provides a consistent narrative of the main regional contributors of world economy's **weakness**; and \3) It allows to perform **robust risk assessments** based on the probability that the level of global weakness would exceed a certain threshold of interest in every period of time. Read more

ECB supports macroprudential policy actions taken in response to coronavirus outbreak

On **15 April**, **ECB** announced its support for the **swift action** taken by **euro area macroprudential authorities** to address the **financial sector impact** of the **COVID-19** outbreak by releasing or reducing **capital buffers**. Furthermore, ECB states that **macroprudential measures** will free up more than **€20 billion** of **bank capital** to absorb **losses** and support **lending**. These measures complement and reinforce **microprudential measures** taken by ECB. ECB also published an **overview** of the **macroprudential** measures taken by euro area authorities (including central banks and banking supervisors) in response to the **COVID-19** outbreak and their impact on **banks' regulatory capital**. Read more

ECB communication to reporting agents on the collection of statistical information in the context of COVID-19

On **15 April**, **ECB** announced that it is determined to **continue collecting on a timely basis data** of a **quality** that is **fit** for purpose, in order to have at its disposal the necessary **statistical information** to adjust all of its **measures**, as appropriate, should this be needed to **safeguard liquidity** conditions in the **banking system** and to ensure the **smooth transmission** of its **monetary** policy in all jurisdictions. The **ECB** invites the national central banks and reporting agents to find **pragmatic** solutions within the existing legal framework to **keep data** reporting **within limits** that are **manageable** for **reporting** agents, while maintaining the **quality** of the **statistical** information at a level that is **fit** for purpose. Read more

Euro area banking sector resilient to stress caused by coronavirus, ECB analysis shows

On **28 July, ECB** published the **aggregate results** of its **vulnerability analysis** of **banks** directly supervised within the **Single Supervisory Mechanism**. The exercise **assessed** how the **economic shock** caused by the **coronavirus** outbreak would impact **86 euro area banks** and aimed to identify potential vulnerabilities within the banking sector over a three-year horizon. Overall, the results show that the **euro area banking sector can withstand the pandemic-induced stress.**

Read more

European Commission

State aid: Commission adopts Temporary Framework to enable Member States to further support the economy in the COVID-19 outbreak

On **19 March**, **European Commission** adopted a **Temporary Framework** to enable **Member States** to use the full **flexibility** foreseen under **State aid** rules to support the economy in the context of the **COVID-19** outbreak. With regards to **banks** in particular, the framework clarifies that Member States **using banks to channel support** to businesses is not considered as **direct aid** to the banks but rather to their customers. Aid granted by Member States to banks **to compensate for damage** caused by the COVID-19 crisis would not activate the EU bank recovery and resolution framework and would not be assessed under the specific state aid rules for the banking sector. It will however be considered state-aid and will be subject to a **Commission clearance**. Direct support in the form of **liquidity**, **recapitalisation**, or **impaired asset** measures would be assessed by the Commission under the EU resolution framework and under the state aid rules for the **banking sector**. Read more

European Commission Draft amending budget for 2020

On **27 March**, **European Commission** published its **draft amending budget for 2020**, in order to provide, in commitment appropriations, **€115,0 million** to provide an urgent response to prevent a further deterioration of the **COVID-19 outbreak**. Read more

Commission amends Short-term export-credit insurance Communication in light of economic impact of coronavirus outbreak

On **27 March**, European Commission decided to temporarily remove all countries from the list of "**marketable risk**" countries under the Short-term **export-credit insurance** Communication. This will make **public short-term export credit insurance** more widely available in light of the current crisis linked to the coronavirus outbreak. The amendment further expands on the flexibility introduced by the **Commission's State aid Temporary Framework** with respect to the possibility by State **insurers to provide insurance for short-term export-credit**. Read more

Statement from Commission President von der Leyen on proposals to fight the economic effects of the coronavirus crisis

On **28 March**, **European Commission President von der Leyen** gave a statement on proposals to **fight the economic effects** of the coronavirus crisis. She confirmed that the European Council tasked the **Eurogroup** to come up with **proposals within the next weeks**. The European Commission will participate in these discussions and stands ready to assist, if supported by the Eurogroup. In parallel the European Commission is working on **proposals for the recovery phase within the existing treaties**. As a first step Commission is currently working on a **full flexibilisation of existing funds** - such as the **structural funds**. This will provide immediate support. To ensure recovery, the Commission will propose **changes in the MFF** proposal that will allow to address the fallout of the coronavirus crisis. This will include a **stimulus package** that will ensure that cohesion within the Union is maintained through **solidarity** and **responsibility**. Read more

Statement by President von der Leyen on emergency measures in Member States

On **31 March**, **European Commission** President **von der Leyen** highlighted that emergency measures shall not come at the expense of our **fundamental principles and values** as set out in the Treaties. Any emergency measures must be limited to **what is necessary** and strictly **proportionate**. Moreover, governments must make sure that such measures are subject to regular **scrutiny**. Read more

Press release following the videoconference between President Charles Michel and Presidents von der Leyen, Lagarde and Centeno

On **31 March**, **President Michel** convened and chaired a videoconference with the Presidents of the **European Commission**, **ECB** and **Eurogroup**, as a first follow up to the videoconference with the 27 members of the European Council on **26 March**. During the videoconference of 26 March, leaders tasked the Presidents of the European Council and of the Commission to come up with a **Roadmap accompanied by an Action Plan**. A **coordinated exit strategy**, a comprehensive **recovery plan and unprecedented investment are required**. Both presidents will continue working together on the **recovery plan**, in consultation with the other institutions, notably the **ECB**. The **Eurogroup** has been tasked by the European Council **to present proposals within two weeks**. Read more

European Commission extends public consultation deadlines

On 2 April, **European Commission** extended the deadlines for the **EU Public consultations** on the **MiFID II/R review** and the **non-financial reporting directive by four weeks**. The new deadlines are **18 May 2020 for the MiFID II/R** consultation and **11 June 2020** for the non-financial reporting consultation. Executive Vice-President **Dombrovskis** confirmed that they are continuing their work on their long-term priorities on the CMU, sustainable finance and FinTech. However, for now, their focus is on dealing with the **COVID-19** outbreak. Read more

Joint communication on the Global EU response to COVID-19 (Link)

On **8 April**, **European Commission** and **High Representative** published a **joint communication** on the **Global EU response** to **COVID**-19. The communication **sets out plans** for a robust and targeted EU response to support partner countries' efforts in tackling the **COVID-19** pandemic. This includes funding such as €502 million for **Emergency response actions**, €2.8 billion to **support research**, **health** and **water systems** and €12.28 billion to address the **economic** and **social consequences**. Read more

Coronavirus: Commission Statement on consulting Member States on proposal to further expand State aid Temporary Framework to recapitalisation measures

On **9 April**, European Commission sent a draft **proposal** to **Member States** for consultation to further extend the scope of the **State aid Temporary Framework**, **enabling Member States to provide**

recapitalisations to companies in need. The Commission has stressed that such public interventions should remain measures of **last resort** since they may have a significant impact on **competition** in the Single Market. Concretely, the Commission is consulting Member States on the possibility of providing **public support in the form of equity or hybrid capital instruments** to these severely affected companies. Read more

2020 Commission Work Programme

On **15 April**, an initial **draft** of the **updated European Commission's work programme** revealed which initiatives will be considered **priorities** or will be **postponed** due to **COVID-19**. It looks like **COVID-19** has pushed the **review of MiFID II and MiFIR** and **other finance files down the priority list**. The draft also states that the original timing for **Q3 proposals** could still be **kept** "if needed" with **public consultations** ongoing.

Coronavirus Response: Commission adopts banking package to facilitate lending to households and businesses in the EU

On **28 April**, Commission adopted a **banking package** to help facilitate **bank lending** to households and businesses throughout the EU. The aim of this package is to ensure that banks can continue to **lend money** to support the economy and help **mitigate the significant economic impact** of the **COVID-19**. It includes an **Interpretative Communication** on the EU's **accounting** and **prudential frameworks**, as well as targeted "quick fix" amendments to **EU banking rules**. The Commission proposes exceptional **temporary measures** to alleviate the immediate impact of COVID-19-related developments by: 1) Adapting the timeline of the application of **international accounting standards** on banks' capital; 2) Treating more favourably **public guarantees** granted during this crisis; 3) Postponing the date of application of the **leverage ratio buffer to 1 January 2023**; and 4) modifying the way of excluding certain exposures from the calculation of the **leverage ratio.** Read more

European Semester Spring Package: Recommendations for a coordinated response to the coronavirus pandemic

On **20 May, Commission** presented **country-specific recommendations (CSR)** on **economic policy guidance** to all EU **Member States** in the context of the COVID-19 pandemic and relaunching **sustainable growth**. The recommendations refer to **two objectives**: in the short-term, **mitigating** the coronavirus **pandemic's** severe **negative socio-economic consequences**; and in the short to medium-term, **achieving sustainable** and **inclusive growth** which facilitates the **green** transition and the **digital** transformation. The **Annual Sustainable Growth Strategy** outlined the Commission's growth strategy, based on promoting **competitive sustainability** in four dimensions - **stability, fairness, environmental sustainability and competitiveness** - also emphasising health. Recommendations also reflect Commission's commitment to integrating the **United Nations' Sustainable Development Goals** into the European Semester. The **fiscal CSRs** this year are **qualitative**, and **reflect** the **activation** of the **general escape clause**, so Member States take all necessary measures to address the pandemic, sustain the economy and support the recovery.

European Council

COVID-19: Council takes steps to ensure institutional continuity

On **23 March**, **Council** announced that it is taking **measures** to ensure the continuity of its work in the current exceptional circumstances caused by the **COVID-19 pandemic**. Therefore, it agreed on a temporary **derogation to its Rules of Procedure** to make it easier to take decisions by written procedure. This allows EU ambassadors to decide to use the **written procedure** in accordance with the voting rule applicable for the adoption of the act itself. As a result, the existing requirement for **unanimity for all decisions** to use the written procedure **no longer applies**. The decision will apply for **one month**, subject to **renewal** if justified by a continuation of the current exceptional circumstances. Read more

Remarks by President of the Eurogroup, Mário Centeno, following the Eurogroup videoconference of 24 March 2020

On **24 March**, a videoconference of **Eurogroup** and non-euro area **finance ministers** took place. The focus of the Eurogroup was on initiatives to tackle the **economic crisis** caused by the **COVID-19 outbreak**. The videoconference took stock of the **measures** already taken and of the initiatives that are being explored among institutions. More broadly, the aim of the meeting was to prepare for the meeting of the **European Council** on **26 March** where decisions are expected. **Mário Centeno** noted that there is **broad support** to consider a **Pandemic crisis support safeguard based** on an existing **ESM precautionary instrument**, such as the **Enhanced Conditions Credit Line**. Read more

Remarks by European Council President Charles Michel after the video conference of the members of the European Council on COVID-19

On **26 March**, **President Charles Michel** gave an overview of the focus of the work of the Council on COVID-19. This includes **coordination** with the Member States, the availability of **medical equipment**, the development and production of **vaccines**, **economic issues** and the **repatriation** of EU citizens in third countries. Lastly, he said that the Council will ask the Eurogroup to continue to work most intensively to **come up with proposals** to ensure that we are able to cope with this crisis, its economic impact and its impact on the stability of the European Union. Himself and President von der Leyen were tasked with **working on a recovery plan and an exit strategy** to prepare the coordination that will be needed as we gradually emerge from the crisis and have to mobilise all available resources to ensure the short-, medium- and long-term well-being and prosperity of the European Union, EU citizens and businesses. Read more

Council adopts measures for immediate release of funds

On **30 March**, **Council** adopted two legislative acts to quickly release **funding** from the **EU budget** for tackling the **COVID**-19 crisis. One of the acts amends the rules of the **structural** and **investment** funds, while the other extends the scope of the **EU Solidarity Fund**. Given the urgency of the situation, both legislative acts were published in the Official Journal of the European Union **on 31 March** and entered into force on **1 April 2020.** Read more

Press release following the video conference of 6 April between Presidents Michel, von der Leyen, Lagarde and Centeno

On **6 April**, President of the **European Council Charles Michel** convened and chaired a videoconference with the Presidents of the **European Commission**, the **ECB** and the **Eurogroup** to review the **progress** made in the EU's economic response to the **COVID-19** crisis. It is announced that a **strong package** is in the making with the aim of protecting European citizens and businesses from the **economic impact of the pandemic**. Read more

Council adopts amended EU budget for 2020

On **14 April**, **Council** adopted **two proposals** which **amend** the **EU budget** for **2020**. The EU is thus making available almost **all the remaining money from this year's budget** to fight the **COVID-19** pandemic. The first proposal increases **commitments** by €**567** million and **payments** by €**77** million. The second proposal earmarks an additional **€3** billion in **commitments** and **€1.53** billion in **payments** to tackle the **COVID-19** pandemic. During its plenary on **16-17 April 2020**, **European Parliament** is expected to **agree** its position on the two draft amending budget proposals. Once there is an agreement, the budget will be **adopted**. Read more

Video conference of the members of the European Council

On **23 April**, the European Council held its fourth video conference to discuss **COVID-19** and its consequences. Following the meeting, President Charles Michel said that ministers welcomed the **Joint European Roadmap** towards lifting the **COVID-19 containment** measures. They endorsed the **Eurogroup** agreement on three **safety nets** for workers, businesses and sovereigns, amounting to a package worth €**540 billion**. They also welcomed the Joint Roadmap for Recovery and agreed to work on establishing a **recovery fund**, dedicated to dealing with the crisis. Ministers, therefore, tasked the Commission to analyse the exact needs and to urgently come up with a **proposal** that is commensurate with the challenge. Such a proposal will need to make a link to an adjustment of the **MFF.** Read more

European Parliament

European Parliament Special Plenary Session

On **26 March**, **Commission President Ursula von der Leyen** participated in a special European **Parliament** Plenary session on **COVID-19**. For uncertainties in **jobs** and **businesses**, the EU has undertaken measures such as the **Corona Response Investment Initiative** of **37 billion** EUR and the **general escape clause** in the **Stability and Growth Pact**. There were several discussions on the protection of **business**, **SMEs**, and employment for a social and economic response, along with support from groups like the Socialists and Democrats (S&D), European Peoples Party (EPP), the Greens and Renew Europe for **Coronabonds**, though with divergences on this matter. **Coronabonds** would work as a **common debt instrument** issued by **European institutions** to **increase funds** on the market for the benefit of all Member States during the crisis. Read more

<u>COVID-19: Parliament approves crucial EU support measures</u>

On **26 March**, Members of the **European Parliament** almost unanimously **adopted three urgent proposals** in an extraordinary plenary session as part of the EU's joint response to the COVID-19 outbreak. Two of the approved proposals are the **Corona Response Investment Initiative** and the extension of the **EU Solidarity Fund**. The adopted measures will enter into force once published in the Official Journal of the European Union in the coming days. Read more

<u>COVID-19: Budget MEPs call for quick progress on post-2020 contingency plan</u>

On **2 April**, Members of the **European Parliament** of the **Budget** committee welcomed he Commission President's announcement to **update post-2020 EU budget proposal**, but called for an **urgent 2021 contingency plan**. The contingency plan should be able to address the immediate consequences of the **COVID**-19 emergency, in line with the positive steps being taken in the 2020 budget in terms of **reorientation and reinforcements of existing instruments**. Furthermore, they reminded that pre-existing challenges do not go away and might become even more critical due to the **COVID-19** crisis. Read more

<u>Sassoli: EIB must be courageous in face of COVID-19</u>

On **3 April**, European Parliament President **Sassoli** issued a statement ahead of the board meeting of the European Investment Bank. He stressed that the European Parliament expects a courageous **response from the EIB** to mitigate the effects of this crisis. He stated that more **synergies** need to be explored between the EIB, the European Institutions, national promotional banks, commercial banks and governments to provide **emergency assistance** to **sectors and business** hit hardest by the crisis. Read more

<u>Briefing: Banking Union: Corona crisis effects</u>

On **7 April**, **European Parliament** published a briefing document on the effects of **COVID-19** on the **banking union**. According to the briefing, the **COVID**-19 crisis has significant effects on many banks in the Banking Union. to support the Members of the Banking Union Working Group, the briefing reports on observations made and actions taken by **supervisory authorities**, **credit rating** agencies, **banking** federations, or other **industry experts**, in order to point to relevant developments in the **banking sector**. The briefing will be updated on a bi-weekly basis, unless relevant developments require otherwise. Read more

<u>Sassoli to EU governments: Rise to the challenge. Find new shared ways to finance our recovery.</u>

On **8 March**, European Parliament President **Sassoli** issued a statement on the latest **Eurogroup** meeting. He called on EU governments to work on creating a **fund for economic recovery** to **share the costs of restarting our economies** and find **new ways to finance** it as the EU budget will not be sufficient. Read more

EU/EA measures to mitigate the economic, financial and social effects of coronavirus State-of-play 15 April 2020

On **15 April**, the **European Parliament** published an **in-depth analysis** for the attention of the **ECON** Committee. The document compiles **information**, obtained from **public sources**, on the **measures** proposed and taken at the EU or euro area level to **mitigate** the **economic** and **social effects** of **COVID-19**. It will be regularly **updated**, following new developments. It covers **budgetary** and **financial support** measures, decisions taken by the **Commission/Council/Eurogroup** aiming at coordinating national **economic** and **fiscal policies**, **monetary policy** measures taken by **ECB**, measures with impact on **banking** and **macro-prudential** policies taken by the **SSM**, **ECB** and **ESRB** and measures pertaining to **state aid** policies. Read more

Covid-19 recovery fund must be added to EU long-term budget

On **15 May, Members** of **European Parliament** called for a **€2 trillion fund**, built into the EU's next **long-term budget**, which puts Europeans at the heart of the Covid-19 recovery. Ahead of a vote on plans to revise the post-2020 EU budget, **chair of Parliament's budget committee** Johan Van Overtveldt warned the **economic recovery** would be "**slow and gradual**" and that the **prediction** of a **7.5% decline** in economic activity this year is a **"mild forecast"**. The budget committee chair urged other EU institutions to take note of **Parliament's stance**: "The consent of Parliament has to be obtained and that surely is much less a sure thing than it was with the outgoing [long-term budget], so the Commission and Council should take notice of what Parliament is aiming for. In the **interest of citizens**, **Parliament** will **ensure** that the [long-term budget] and **recovery fund** are the **best possible responses** to the **severe crisis** we see now and that will have consequences for many years." Read more

Covid-19: the EU plan for the economic recovery

On **18 May, European Parliament** called on **European Commission** to **present** a major **economic stimulus plan** to help **mitigate** the **shock** from the **coronavirus** and settle on a **sustainable future**. This is based on the 15 May adopted resolution by Parliament that the **Recovery fund must** be **added** to the **long-term EU budget**, not serve as an argument to reduce it, **Commission** should **abstain** from using "financial wizardry" or **misleading figures**, and that funds to be disbursed mostly through **grants**. It prioritised the **Green Deal** and **digital agenda** and Members of European Parliament (MEPs) asked for introduction of a basket of **new "own resources"** (sources of EU revenue), to **prevent** a further **increase** of **Member States' direct contributions** to the **EU budget** to meet EU budget and **Recovery** and **Transformation Fund**. **MEPS** have said they will **veto** the **long-term budget if their demands are not met.** Read more

COVID-19: MEPs urge quick action to prevent "huge recession"

On **19 May, Members** of **European Parliament** held a **webinar** on the **EU's long-term budget** and response to the crisis, urging that the **recovery fund** must be set up as soon as possible to **prevent** a **major recession**. MEPs also **welcomed** the recent **French-German proposal** for a **€500 billion**

recovery fund and reiterated Parliament's position on the recovery plan as adopted in the recent plenary session. Read more

Next steps
27 May 2020: Multiannual Financial Framework (MFF) and Recovery Plan to be presented

G-20

Extraordinary G20 Leaders' Summit Statement on COVID-19

On **26 March**, **G20** published a statement on **COVID-19**. According to the statement, G20 is currently undertaking immediate and vigorous **measures** to support our **economies**, protect workers, businesses—especially micro-, small and medium-sized enterprises—and the sectors most affected, and shield the vulnerable through adequate social protection. G20 is injecting over **$5 trillion** into the global economy, as part of **targeted fiscal policy**, economic **measures**, and **guarantee schemes** to counteract the social, **economic and financial impacts** of the pandemic. G20 supports the measures taken by **central banks**, and the regulatory and supervisory measures taken to ensure that the **financial system continues to support the economy.** Read more

G20 Finance Ministers & Central Bank Governors Virtual Meeting

On **31 March**, **G20 Finance Ministers and Central Bank Governors** met virtually to coordinate their efforts in response to the **COVID-19** pandemic and agree on a **roadmap** to implement the commitments made at the virtual G20 Leaders' Summit held on **26 March 2020**. This includes delivering a joint **G20 Action Plan in Response** to COVID-19, addressing the risk of **debt vulnerabilities** in low-income countries, working with relevant international organizations to swiftly deliver the appropriate international financial assistance and working with the **Financial Stability Board**. Read more

Next Steps:
15 April 2020: Deadline for the relevant G20 working groups to deliver on the roadmap

G20 Collaborative Efforts to Protect Labour Markets from the Impact of COVID-19 Pandemic

On **9 April**, **G20 Employment** Working Group (EWG) met for the second time virtually under the Saudi G20 Presidency, to discuss the nature and impact of measures taken by G20 countries and the actions that are further required in addressing the impact of the COVID-19 pandemic on the **labour** market. Members also examined the ability of **social protection systems** to adapt to the changing patterns of work, in order to ensure **adequate protection for all**, especially the **vulnerable**. Moreover, the members discussed the way forward for behavioural insight and how it can be utilized to minimize the negative effects on the **labour** market in the short-term and the long-term. Read more

International Monetary Fund

IMF is Launching a Tracker of Policies Governments are Taking in Response to COVID-19

On **25 March**, **IMF** launched a **policy tracker** to help its member countries be more aware of the experiences of others in combating the **pandemic**, and in **adapting various policies** and **practices** to their unique circumstances and needs. According to **IMF Managing Director Kristalina Georgieva**, "sharing knowledge about COVID-19 enables us all to **tackle the crisis** more effectively". The policy tracker **summarizes the key economic responses**, including from **G20** and **European institutions** as of **March 24**, **2020**. Read more

Remarks by IMF Managing Director Kristalina Georgieva During an Extraordinary G20 Leaders' Summit

On **26 March, IMF** Managing Director **Kristalina Georgieva** following a conference call of G20 Leaders' Summit. She stated that the IMF projects a **contraction of global output in 2020, and recovery in 2021.** She asked backing from G20 to **double the IMF emergency financing capacity**, boost **global liquidity** through a sizeable **SDR** (Special Drawing Right) allocation, as it successfully did during the 2009 global crisis and by expanding the use of swap type facilities at the Fund, and support action of official **bilateral creditors** to ease the **debt burden** of its poorest members during the times of global downturn. Read more

Joint Statement by the Chair of International Monetary and Financial Committee and the Managing Director of the International Monetary Fund

On **27 March**, International Monetary and Financial Committee (**IMFC**) Chair Lesetja Kganyago and **IMF** Managing Director Kristalina Georgieva issued the following statement following a conference call of the IMFC. According to the statement, priority should be afforded to targeted **fiscal support** to vulnerable households and businesses to **accelerate and strengthen the recovery** in **2021**. Furthermore, IMF stands ready to use its **US$1 trillion financial capacity** to support its member countries. IMF will also **explore additional options** to help members that experience foreign **exchange shortages**. IMFC tasked the IMF to discuss the various options further with their Executive Board with a view to having a concrete **package of proposals** for IMFC consideration at their Spring Meetings in a few weeks time. Read more

Remarks by IMF Managing Director Kristalina Georgieva During an Extraordinary Conference Call of G20 Finance Ministers and Central Bank Governors

On **31 March**, **IMF** Managing Director Kristalina Georgieva welcomed the decisive actions many of the **G20** members have taken to shield people and the economy from COVID-19. She reported that its Executive Board ap**proved a reform of the Catastrophe Containment and Relief Trust (CCRT)** that allows our poorest member countries to **invest** in **crisis response** rather than repay the Fund. Read more

IMF Executive Board Approves Framework for New Bilateral Borrowing Agreements

On **31 March**, **IMF's** Executive Board approved a framework for a **new round of bilateral borrowing**, to succeed agreements currently in place through **end-2020**. This action is part of a **broader package**

on IMF resources and governance reform that will help maintain the IMF's **lending capacity of $1 trillion**. These are critical steps to ensure that the IMF can support its membership through the **global pandemic** now unfolding and beyond. Read more

Opening Remarks for Joint IMF/WHO press conference

On **3 April**, Kristalina Georgieva, Managing Director of **IMF**, said at a press conference that IMF is deploying its **total financial capacity of $1 trillion**. Within that, they are aiming to **double the availability of their emergency**, fast-disbursing resources from **$50 billion up to $100 billion** – funds that can help the emerging market and developing countries in particular. They are also looking at ways in which they can provide **additional liquidity**. She emphasises that IMF will **prioritise developing countries**. Read more

IMF Executive Board Approves Immediate Debt Relief for 25 Countries

On **13 April**, **IMF** Executive Board approved immediate **debt service** relief to **25** of the IMF's member countries under the IMF's revamped **Catastrophe Containment and Relief Trust** (CCRT) as part of the **Fund's** response to help address the impact of the **COVID-19** pandemic. The CCRT can currently provide about **$500** million in grant-based debt service relief, including the recent **$185** million pledge by the **U.K**. and **$100** million provided by **Japan** as immediately available resources. Read more

IMF Adds Liquidity Line to Strengthen COVID-19 Response

On **15 April**, **IMF** Executive Board approved the establishment of the **Short-term Liquidity Line** (SLL) to further strengthen the **global financial safety net** as part of the Fund's **COVID-19** response. The facility is a **revolving** and **renewable backstop** for member countries with very **strong policies** and fundamentals in need of **short-term** moderate **balance of payments support**. In these cases, the Short-term Liquidity Line will provide revolving access of up to **145% of quota.** **Read more**

Single Resolution Board

SRB Actions to support efforts to mitigate the economic impact of the COVID-19 outbreak

As of **1st April** the **SRB** published the actions that will be taken by the regulatory body in line with the ECB, SSM and national competent authorities to help banks deliver their services to the real economy and keep lending.

The SRB's approach is to **support the banks** where necessary with **operational relief measures**, using the **flexibility in the resolution framework** and building on the work done so far and the close contact with the banks under their remit. Furthermore, the SRB could adjust banks' MREL target to reflect the lowering of basic capital requirements. The agency, in charge of crisis preparation and management for the euro area's banking system, is also offering **relief to lenders** by postponing **less urgent information and data requests** — joining a long line of regulators pushing back reporting demands to keep the industry focused on tackling the pandemic. Read more

Others

Statement of EU ministers of finance on the Stability and Growth Pact in light of the COVID-19 crisis

On **23 March**, **ECFIN Council** approved a proposal by the **Commission** to **activate the fiscal framework's** (Stability and Growth Pact) **general escape clause** in response to the **pandemic**. The use of the clause will ensure the needed **flexibility** to take all necessary measures for supporting the **health and civil protection** systems and to protect our **economies**, including through further **discretionary stimulus** and **coordinated action**, designed, as appropriate, to be timely, temporary and targeted, by Member States. The Commission and the Council will be able to take the **necessary measures** within the framework of the Stability and Growth Pact while departing from **budgetary requirements** that would normally apply. Read more

COVID-19: Statement by the European Fiscal Board

On **23 March**, **European Fiscal Board** (EFB) published a statement on the **COVID-19 crisis**. **EFB** notes that the euro area has to manage **crisis and post-crisis adjustments** with hardly any joint elements, most importantly a **central fiscal capacity**. EFB also notes that a **flexible interpretation** of the **commonly agreed fiscal** rules can help, and the **general escape clause**, in place for shocks that threaten the entire euro area, should be used to the full extent. It is of the view that it is not too early to **begin to outline the fiscal principles** to be applied, once the health crisis is **sufficiently contained** for more **normal activity** to resume. Read more

COVID-19: Statement by Economic and Monetary Affairs committee Chair and political coordinators

On **27 March**, **Economic and Monetary Affairs** Committee Chair and political coordinators published a statement on **COVID**-19 following discussions with Andrea Enria (SSM) and José Manuel Campa (EBA). Coordinators welcomed the **coordinated response** of the European and national banking supervisors in order to address the **fallout of the crisis**. **Credit and liquidity provided by banks** play a decisive role to mitigate the most severe adverse economic consequences on the European citizens. **Flexibility for banks** in the **prudential treatment of loans**, the application of accounting rules, and the release of **capital buffers** is needed. The relief granted should, however, be fully available **to support the customers of banks,** families and firms. Read more

Interview with Cadena COPE

On **30 March**, Luis de Guindos, **Vice-President of the ECB** gave an interview on the **COVID-19** consequences. Among others, he provided further information on **coronabonds**. He explained that **coronabonds** would be **mutualised debt issuance** by the entire **euro area**. They wouldn't be bonds issued by Spain, Italy or Germany, but by an **EU institution**. According to him, this isn't the only instrument we can use to defend [against the effects of the coronavirus], and it's certainly **not the most powerful**. The most powerful is undoubtedly the **European Central Bank**, which is dealing with a situation, in which also some countries with **weaker fiscal positions** require funding, so that we don't see an emergence of the **bond spread problem** and an **increase in borrowing** costs.

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EBA sees first impact of COVID-19 materialising in EU banks' Q1 data

On **30 July**, **EBA** published its **quarterly Risk Dashboard** together with the results of the Risk Assessment Questionnaire (**RAQ**). The updated data shows that the **impact** of **COVID-19** was mainly **reflected** in a **contraction** of **banks' capital ratios** and **profitability**, the **cost** of **risk increased**, whereas non-performing loans (**NPL**) ratios remained **stable**, confirming that the **impact** of the **pandemic** on **asset quality** can be **delayed**. EBA also **published** a **thematic note** on **leveraged finance**, which highlights that the **expansion** of this **market segment** in recent years has come along with a **significant easing** of **credit standards**. Read more

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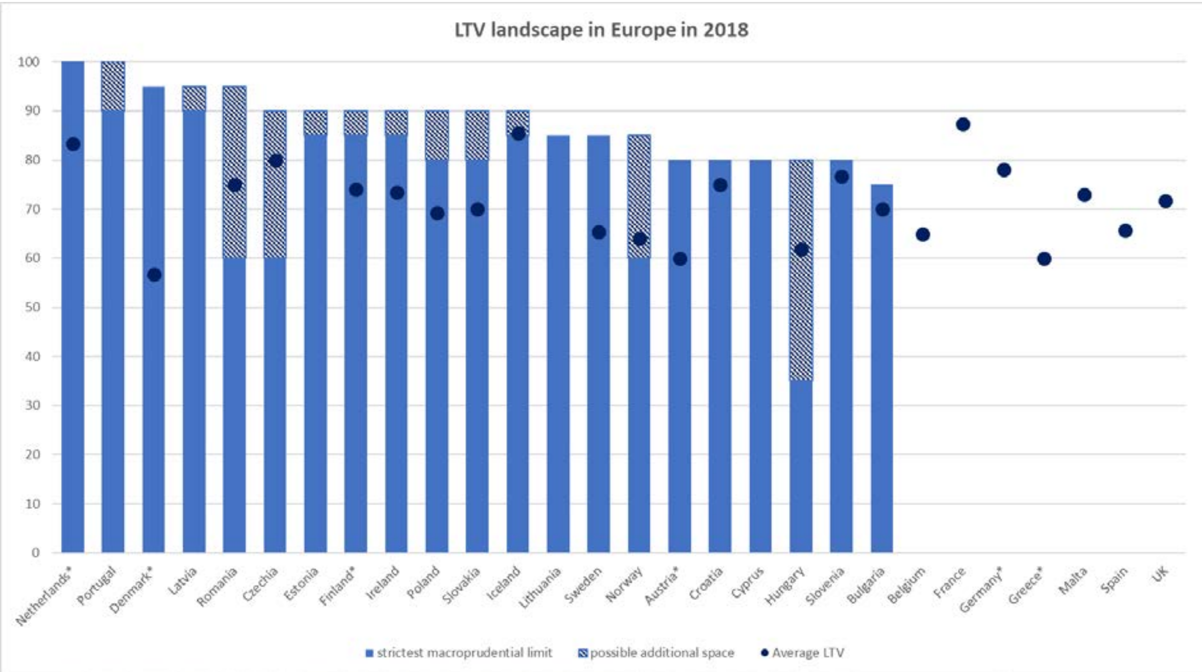
Annex II – Statistics

In order to have a better picture of current mortgage market challenges in the various European countries, here below please find some relevant statistics to assess various characteristics of the mortgage and housing markets as well as risk factors taken from the monthly ESRB Risk dashboard analysis form March 2020.

a. Mortgage and Housing Statistics

1) Loan-to-Value (LTV):

The data collected on LTV is based on the annual ESRB Review of Macroprudential Policy (last instalment published in April 2019), on figures collected by the EMF directly and also on the input provided by Hypostat authors. Given the complexity of gathering accurate numbers on LTV, this exercise has combined both actual LTV data derived from the outstanding mortgage stock, from new mortgage issuance and also from macroprudential rules where these are in place.



Sources:

ESRB, EMF Hypostat 2019, Statista

Notes:

*the data of these countries is before 2018:

Austria (2013)

Denmark (2017)

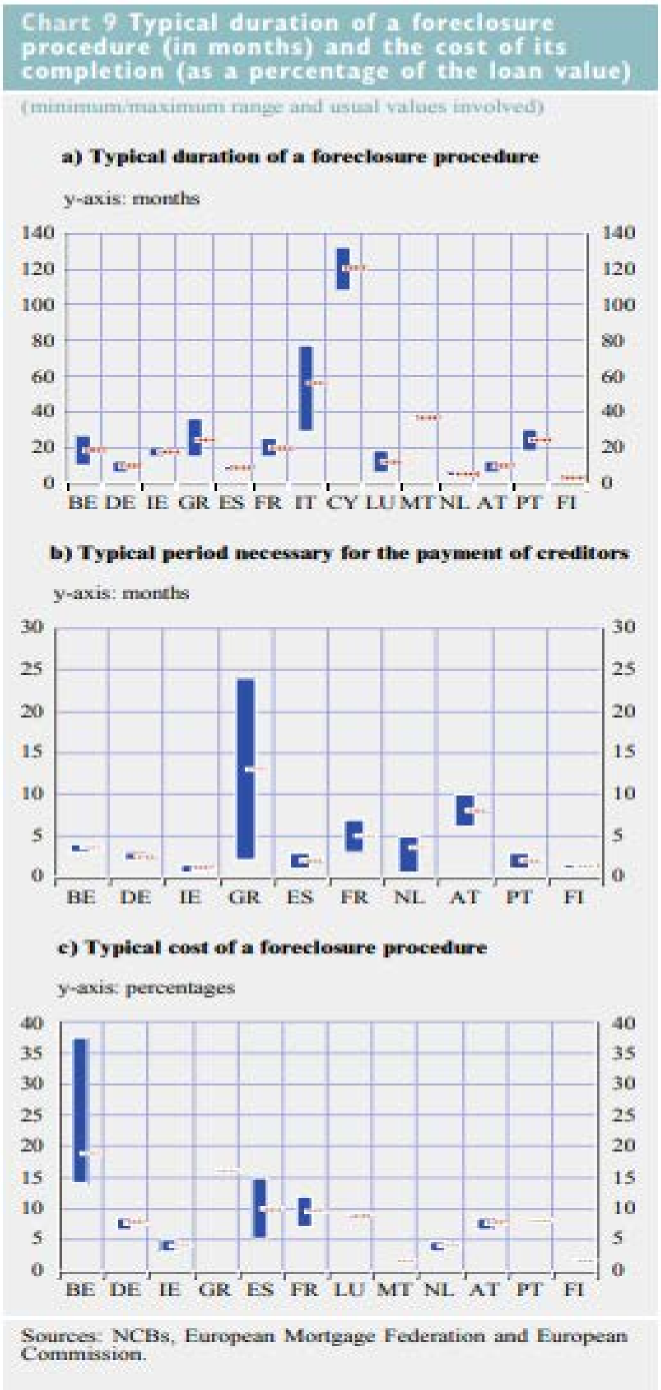
Finland (2010)

Germany (2017)

Greece (2010)

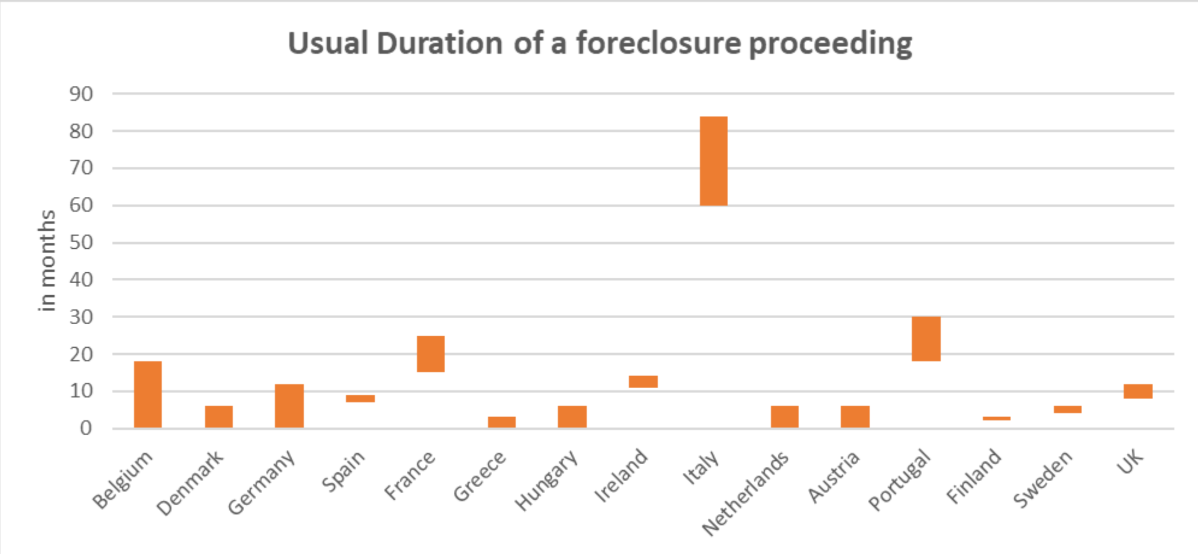
2) Time of Foreclosure

The chart below is taken from the Report drafted by the European Central Bank on Housing Finance in the Euro Area (2009). The figures presented draw among others on the EMF Scoreboard on the Efficiency of the Mortgage Collateral in the EU from September 2006.



Source: ECB

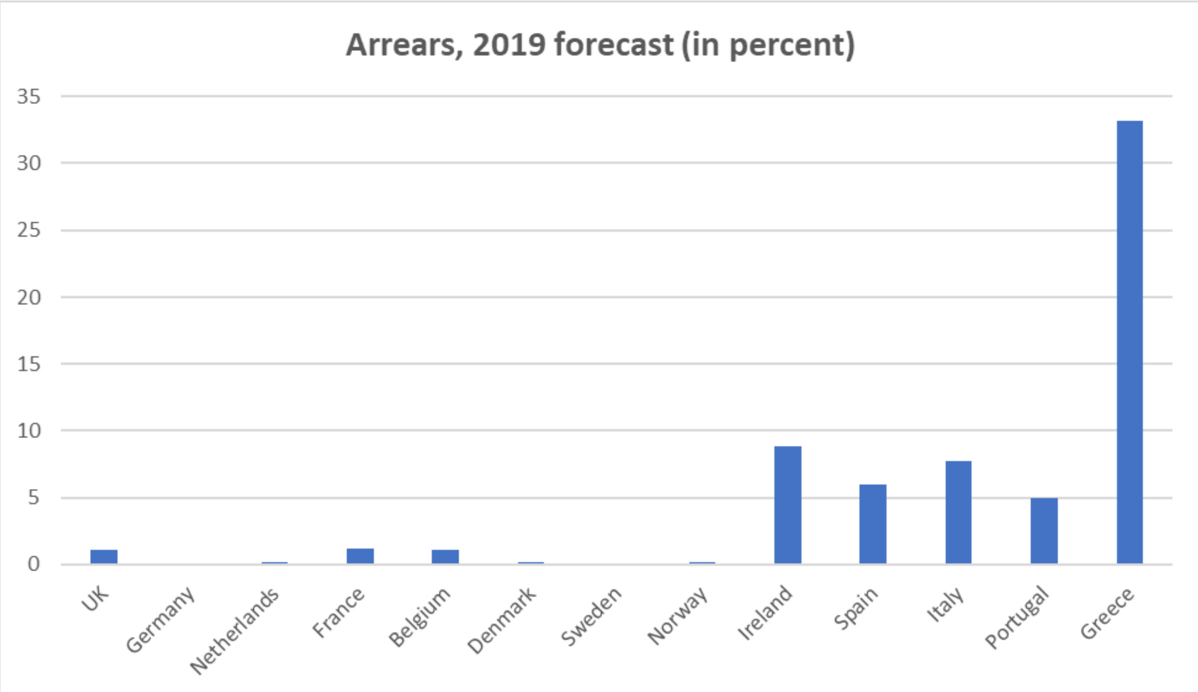
Below the figures from the Scoreboard on the length of the entire foreclosure procedure are presented based on the EMF Scoreboard on the Efficiency of the Mortgage Collateral in the EU (2006):



Source: EMF

3) Mortgage Arrears:

The arrears figures come from the [Fitch Ratings Global Housing Mortgage Outlook – 2019]() (published January 2019)



Source: Fitch Ratings

b. General risk factors:

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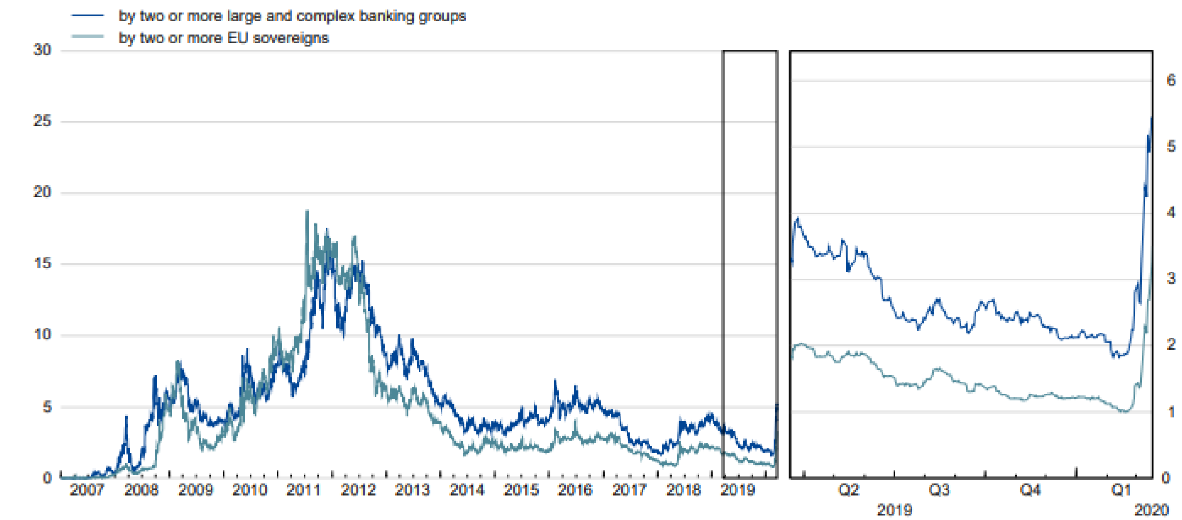
Here below some selected statistics taken from the ESRB – Risk Dashboard with data until Q1 2020:

1) Probability of a simultaneous default (large banking groups and sovereigns)

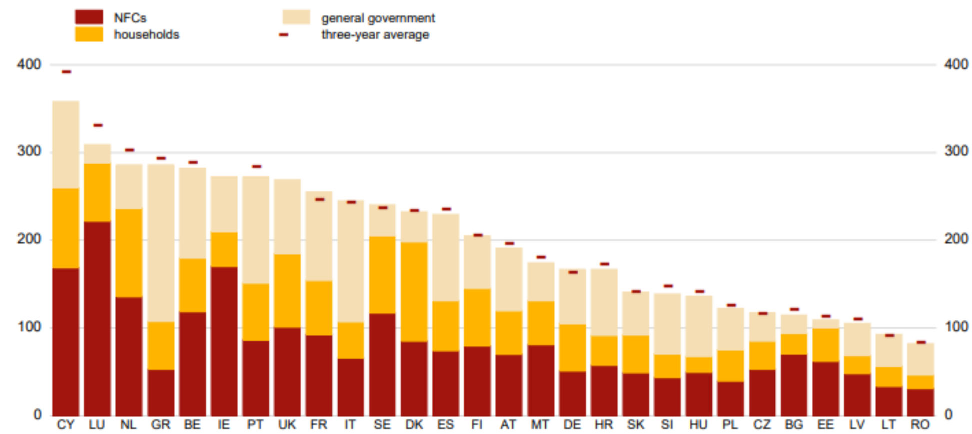
1.2 Probability of a simultaneous default
(Percentages; last observation: 17 Mar. 2020)



Sources: Bloomberg, Thomson Reuters and ECB calculations.
Note: See Box 8, Financial Stability Review, ECB, June 2012.

2) Aggregate debt-to-GDP ratio

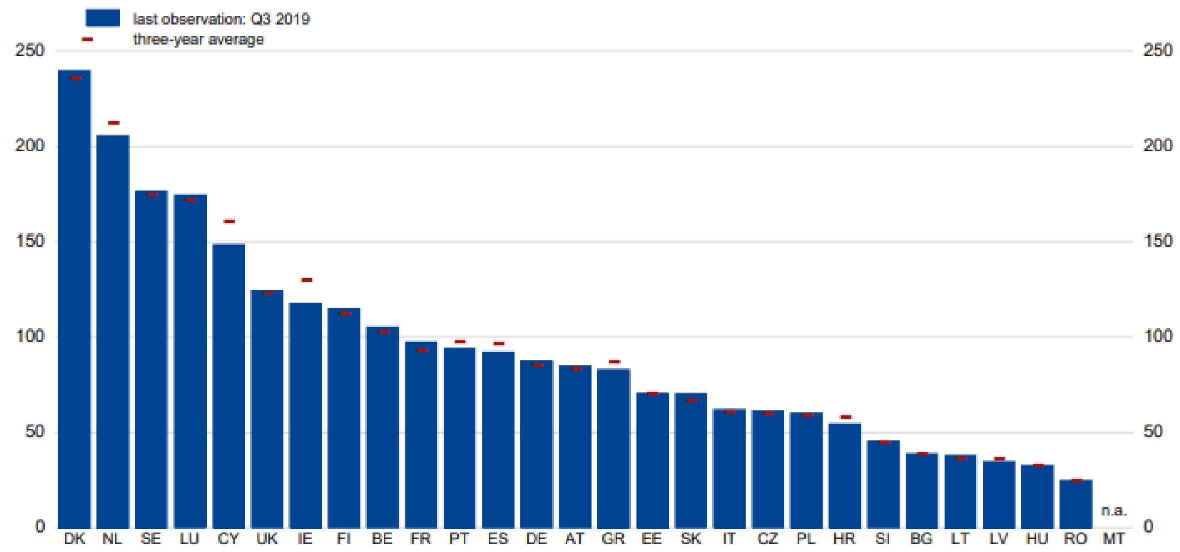
(EU; percentages; last observation: Q3 2019)



Sources: ECB and European Commission.
Notes: Debt-to-GDP ratios for NFCs and general government are based on consolidated debt figures. NFC figures for Croatia are consolidated for loans, but not for debt securities. Data for NFCs for the UK are based on annual ESA2010 series for 2018. Three-year average is not calculated for the UK and it is not available for IE. The indicator includes amounts relating to special purpose entities (SPEs). Large proportions of their activities and their lending and indebtedness practices are not related to the domestic market. For countries with a relevant presence of resident SPEs (in particular CY, HU, IE, LU, MT and NL) the impact on this indicator and its changes can be very significant. Additional information on the effect of SPEs may be obtained from the relevant national compilers.

3) Household debt-to-gross disposable income ratio

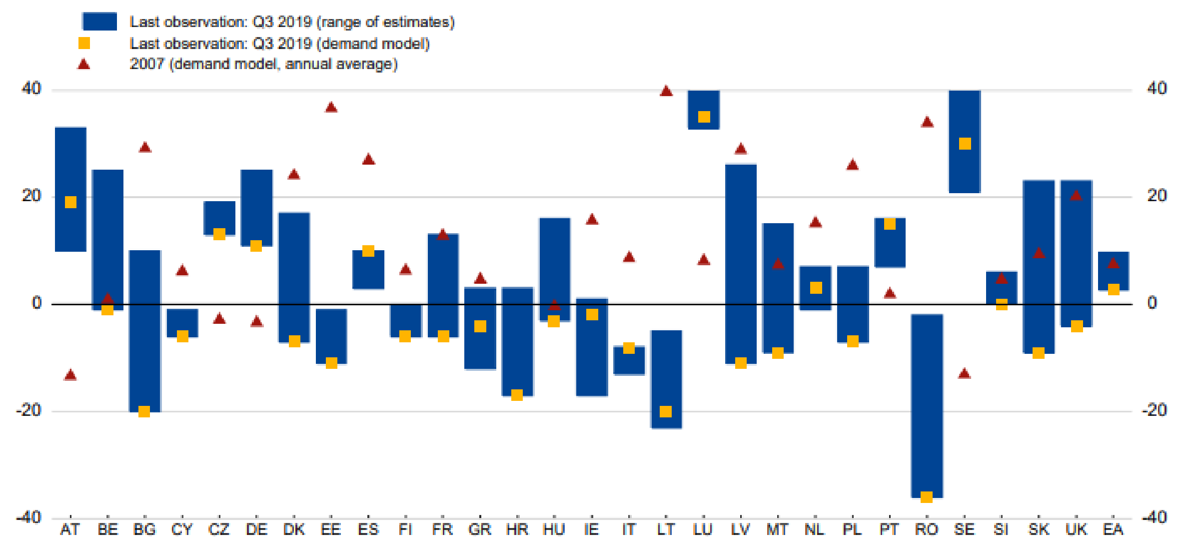
(EU; percentages)



Sources: ECB and European Commission.
Notes: Data for HR are based on Q4 2016. Data for CY, HU, LT, LU, LV and SK are based on annual ESA2010 series for 2018, and for BG are based on annual ESA2010 series for 2017. Data for MT are not available.

4) Over/undervaluation of residential property prices

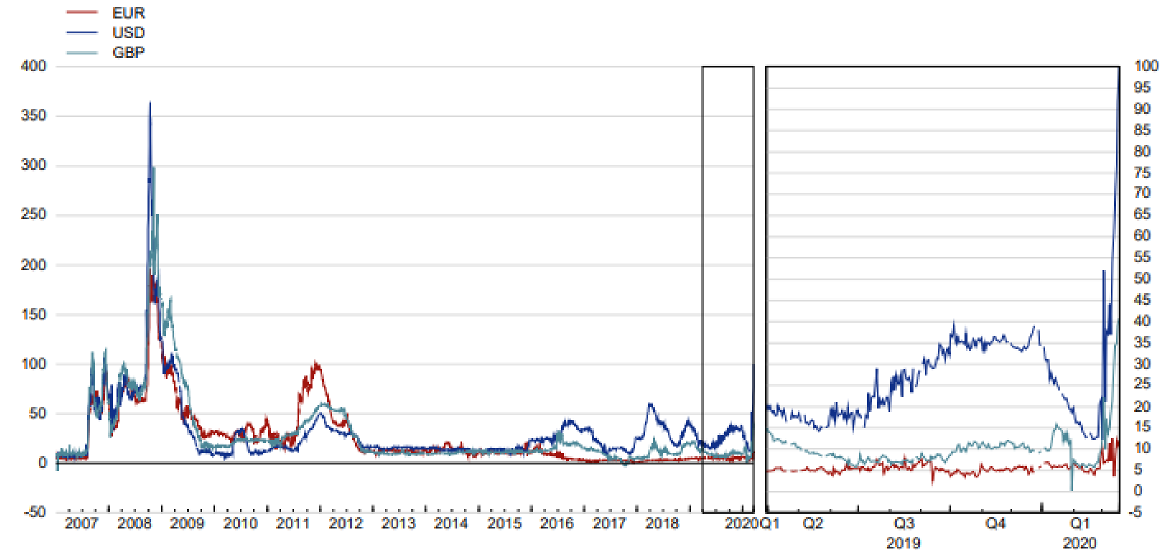
(EU; percentages)



Sources: Eurostat, national sources, ECB and ECB calculations.
Notes: Estimates based on four different valuation methods: price-to-rent ratio, price-to-income ratio, asset pricing approach and a Bayesian estimated inverted demand model. For further details see Box 3, Financial Stability Review, ECB, June 2011; and box 3, Financial Stability Review, ECB, November 2015. For each country, the blue bars represent the range of estimates across the four valuation methods. For CY and LT the last observation refers to Q2 2019, and for the other countries to Q3 2019.

5) Interbank interest rate spreads

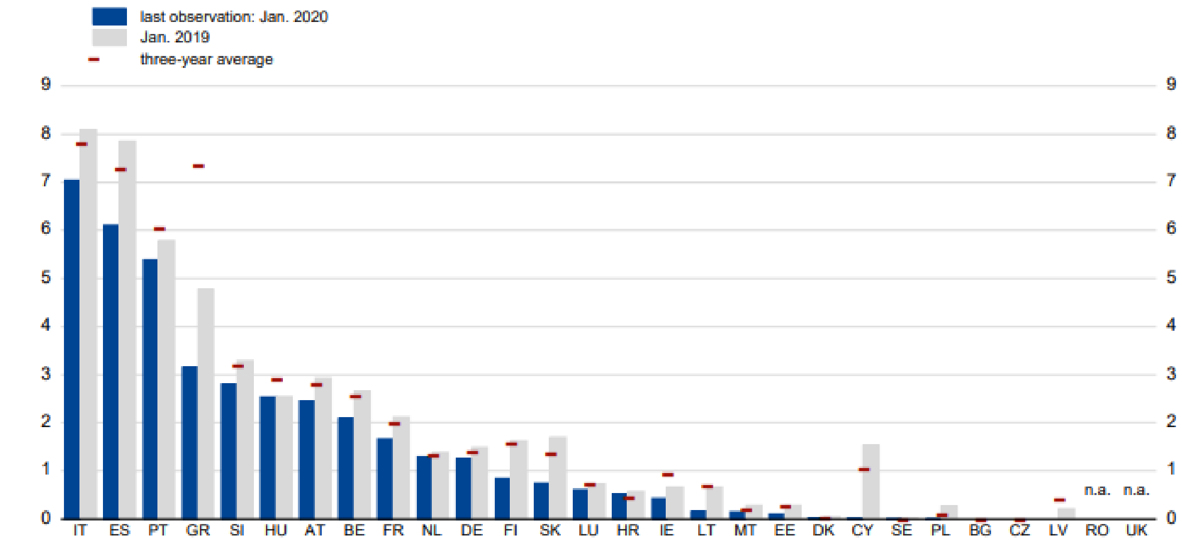
(basis points; three-month maturities; last observation: 18 Mar. 2020)



Sources: Refinitiv, Bloomberg Finance L.P. and ECB calculations.
Note: Difference between interbank interest rates and overnight indexed swap.

6) Banks' funding by central banks

(EU; share of total liabilities; percentages)



Sources: ECB and ECB calculations.
Notes: MFIs excluding the ESCB and Money Market Funds. Banks' funding by central banks comprises all loans granted by the ESCB. Total liabilities exclude capital and reserves as well as remaining liabilities.

7) Economic Sentiment in the EU

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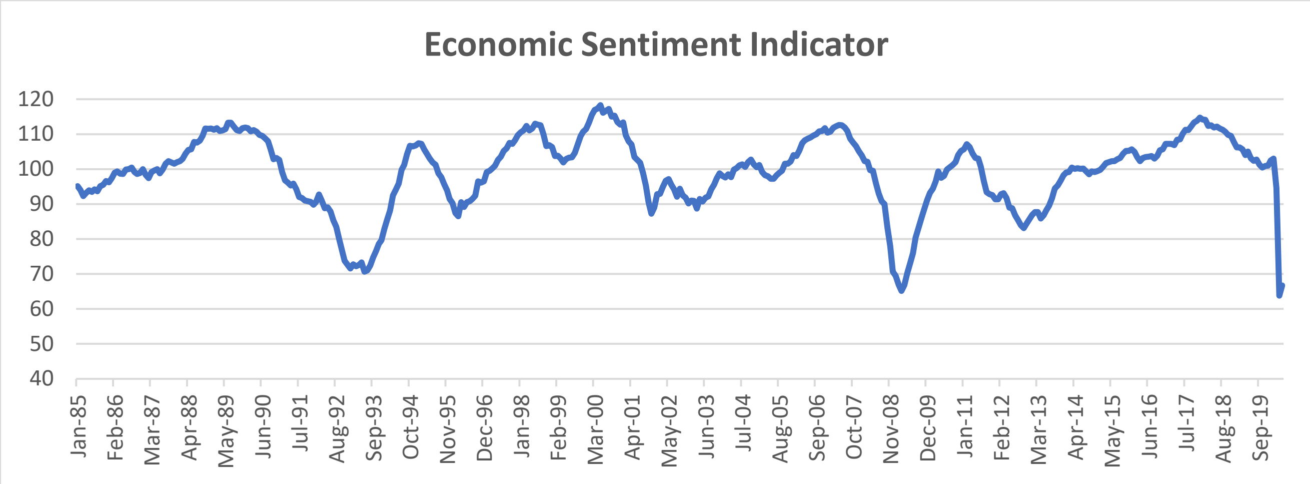
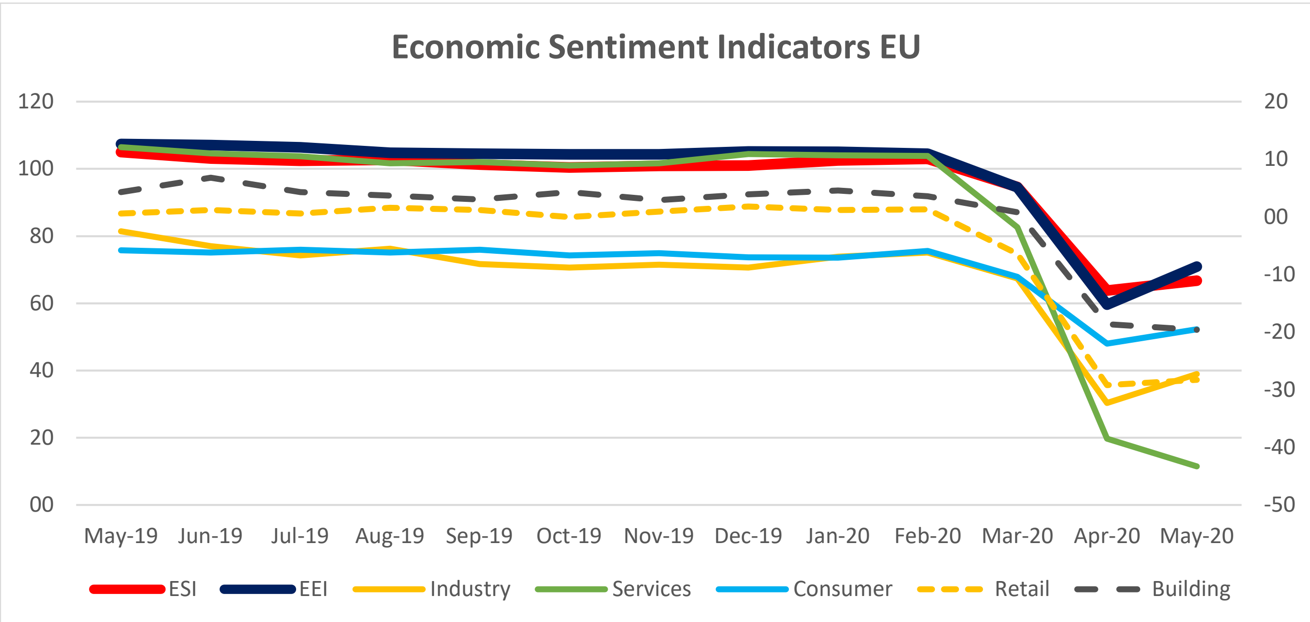
The Economic Sentiment Indicator (ESI) and Economic Expectation Indicator (EEI) reflect the ‘mood’ through monthly surveys to firms of five sectors of the economy in Europe (industry – 40%, services – 30% , consumers – 20% , retail – 5% and construction – 5%).

The period between March and April 2020 has marked the worst one-month drop-down since the beginning of the survey (1989).



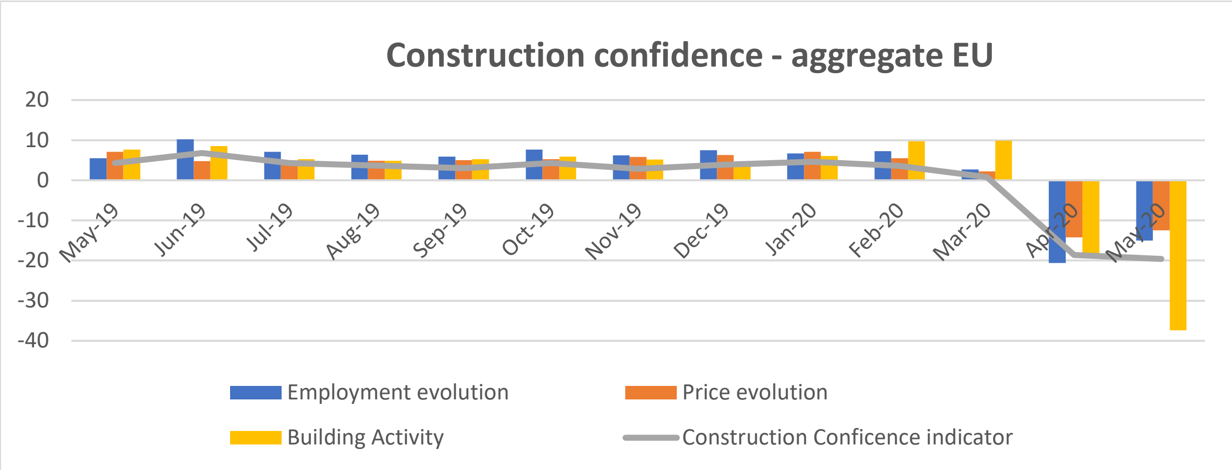
8) ESI Breakdown by Category

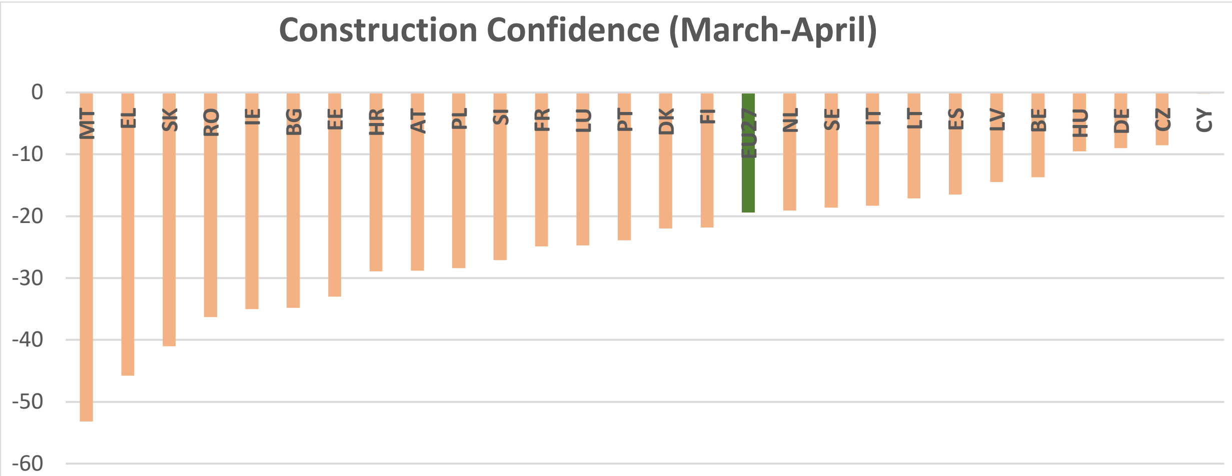
The Economic Sentiment Indicator (ESI) and Economic Expectation Indicator (EEI) show however a slight bounce-back in May with respect to April. Construction, however, worsened together with services also in in May.



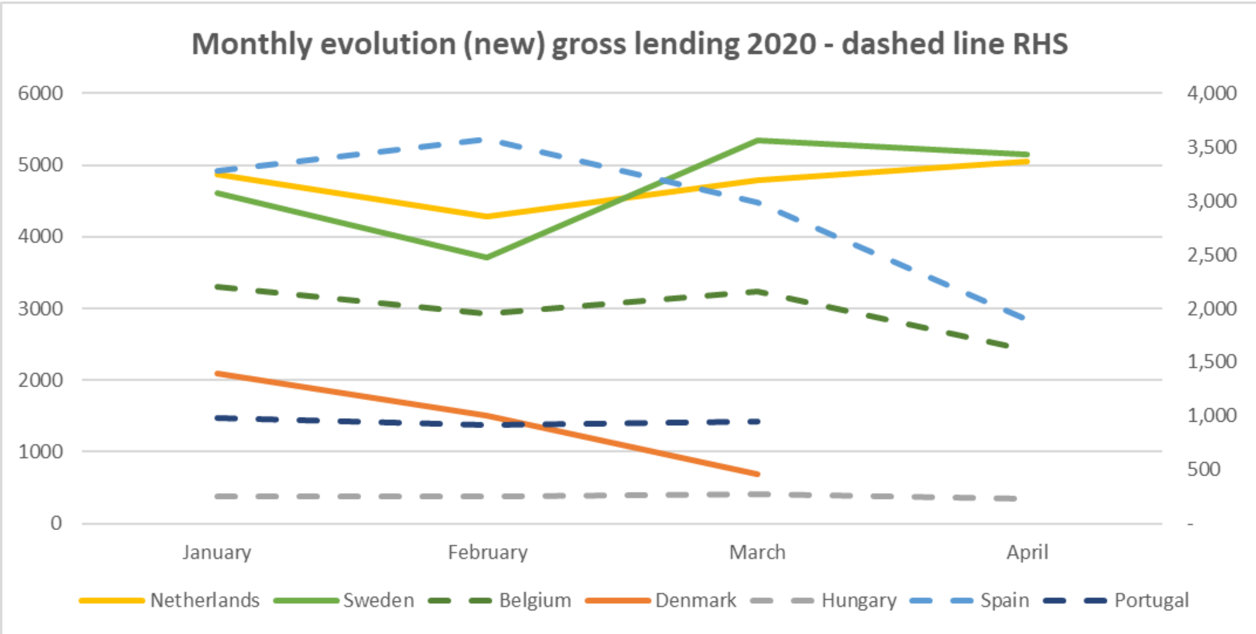
9) Construction Confidence Breakdown

Construction confidence was principally drawn down by the reduction of building activity in the EU. Construction confidence showed quite heterogeneous evolution among EU member state

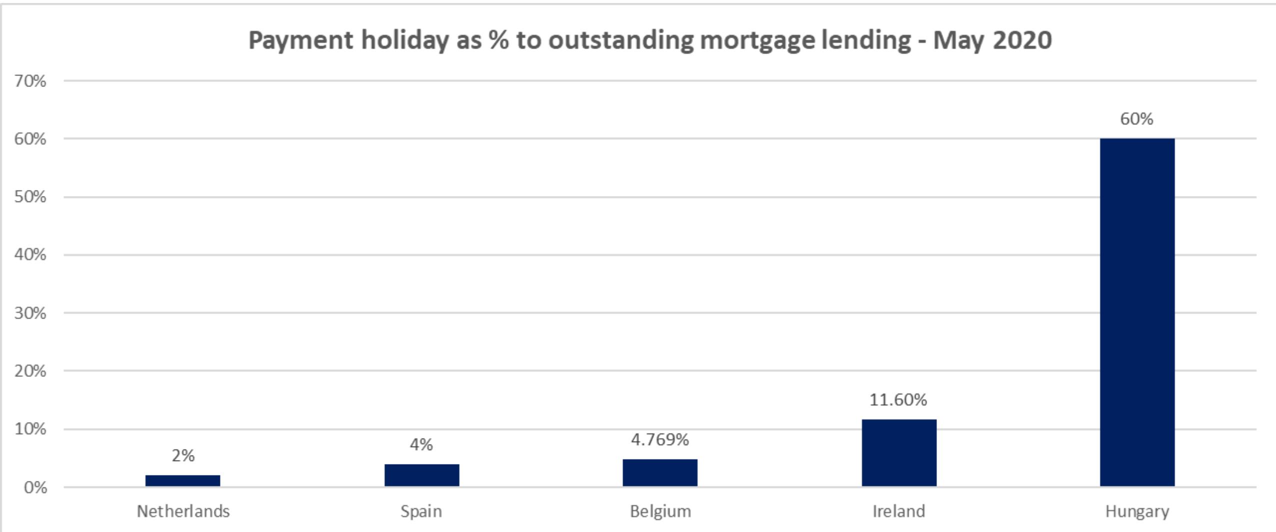




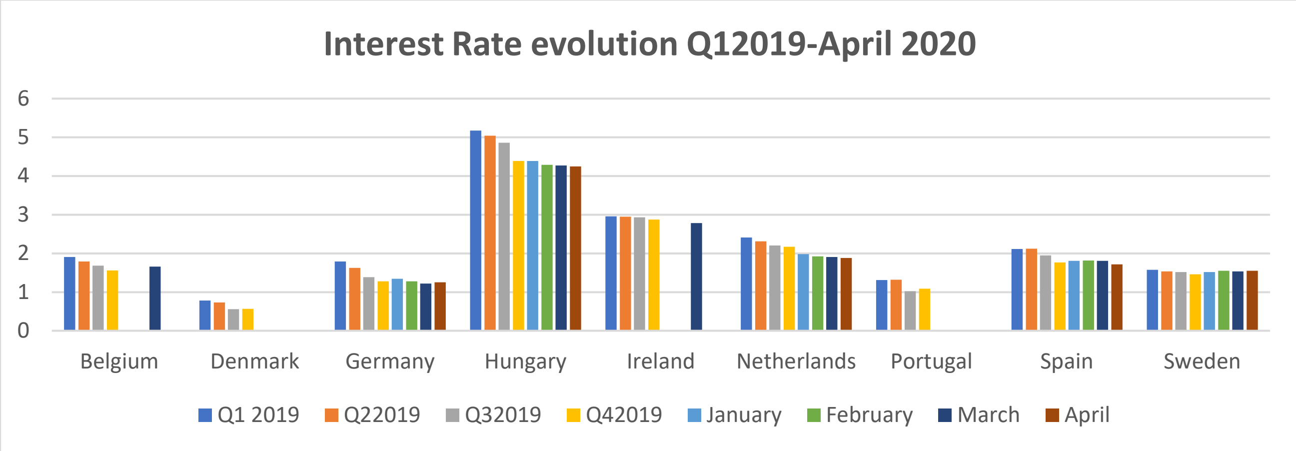
10) Mortgage market, new gross lending

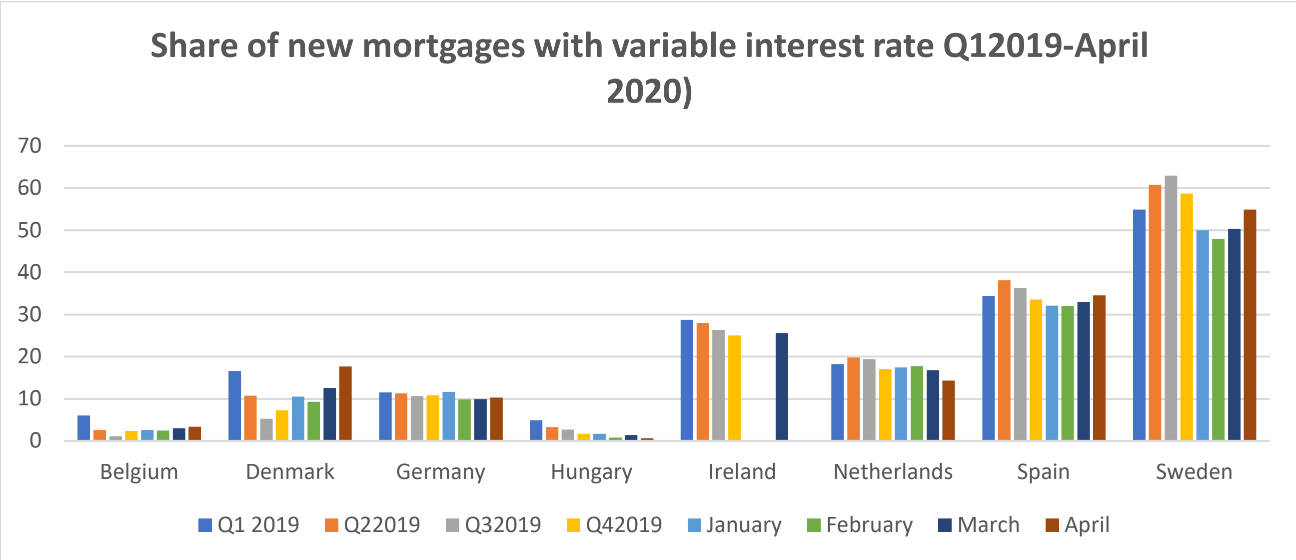


11) Payment holidays statistics



12) Interest Rates Evolution

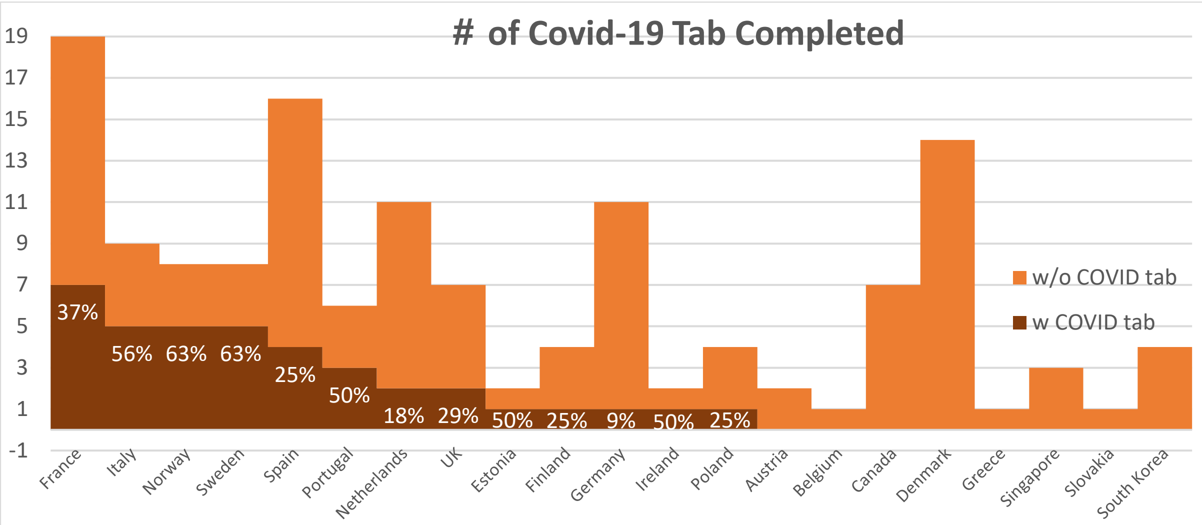




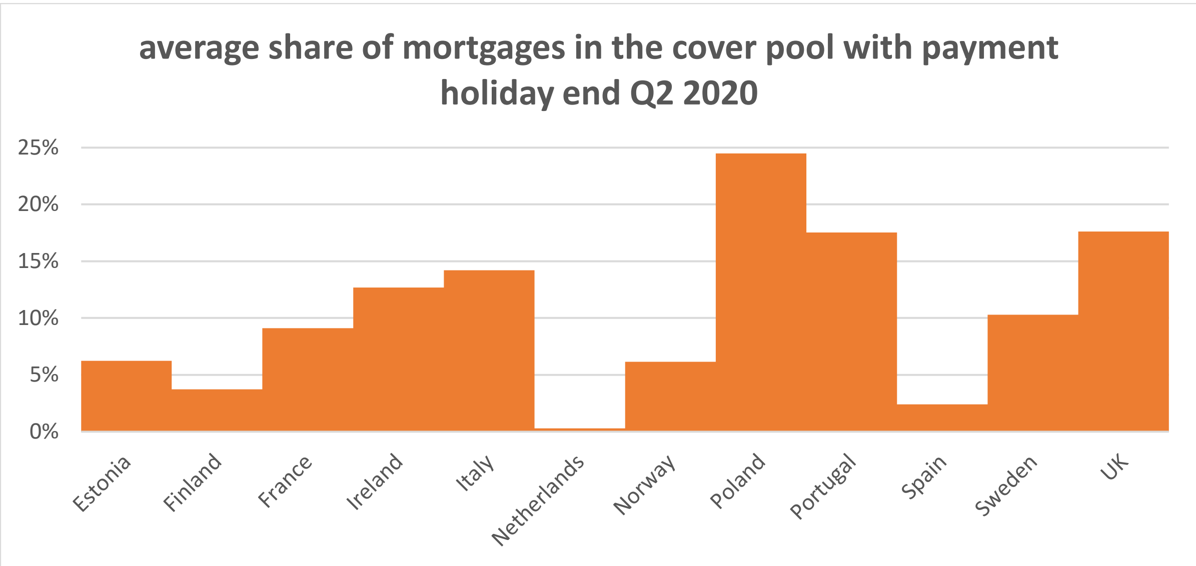
Annex III – Preliminary Results of the HTT COVID-19 Tab (cut-off date Q2 2020)

Please, note that the data here presented is the result of a preliminary analysis of HTTs with cut-off date Q2 2020 presenting a completed COVID-19 tab giving thus a partial snapshot of the presence of mortgage moratoria in the cover pools. The provided results do not provide any indication on future trends. The information provided is exclusively based on the data publicly available on the HTTs of the labelled issuers.

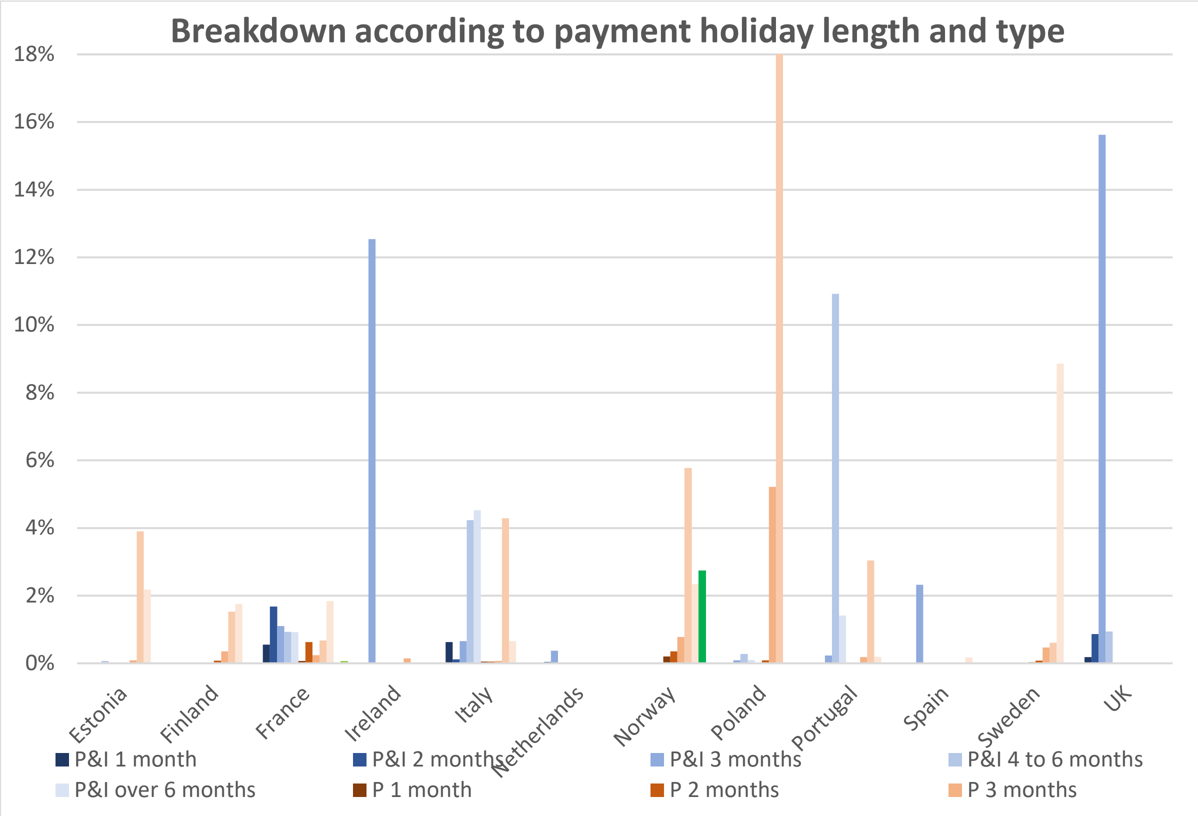
As of 6 June a temporary COVID-19 tab was introduced in the HTT 2020. For Q2 2020 38 out of 121 mortgage based labelled cover pools (31,4%) have provided information in this tab as it can be seen below.



From the available data the share of mortgages benefitting from a payment holiday in the cover pools range from 0.2% in the Netherlands to 24% in Poland with the majority laying between 8 and 15%.



Notwithstanding the type of payment holiday, the longer periods (over 4 months) are preferred (lighter colours). Furthermore, in France, Italy and Portugal both types are used at comparable amounts, while in the other jurisdictions one type is preferred with respect to the other, in the Nordics Principal only deferred, while in Ireland, Netherlands, Spain and the UK principal and interest deferred were preferred. Finally, in Germany and France some issuers took out of the poll mortgages with a payment holiday.



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