



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

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ECB asks banks not to pay dividends until at least October 2020

- ECB asks banks not to pay dividends or buy back shares during COVID-19 pandemic
- Recommendation concerns dividends for 2019 and 2020, at least until 1 October 2020
- ECB expects banks to keep funding households, small businesses and corporations

The European Central Bank (ECB) today updated its recommendation to banks on dividend distributions. To boost banks' capacity to absorb losses and support lending to households, small businesses and corporates during the coronavirus (COVID-19) pandemic, they should not pay dividends for the financial years 2019 and 2020 until at least 1 October 2020. Banks should also refrain from share buy-backs aimed at remunerating shareholders.

This new [recommendation](#) does not retroactively cancel the dividends already paid out by some banks for the financial year 2019. However, banks that have asked their shareholders to vote on a dividend distribution proposal in their upcoming General Shareholders Meeting will be expected to amend such proposals in line with the updated recommendation.

The recommendation follows earlier announcements by the ECB, on [12 March 2020](#) and [20 March 2020](#), concerning temporary relief measures to ensure that banks keep supporting the economy. The ECB expects banks' shareholders to join this collective effort. In this vein, capital conserved by refraining from dividend distributions and share buy-backs can also be used to support households, small businesses and corporate borrowers and/or to absorb losses on existing exposures to such borrowers.

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