



PRESS RELEASE

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The Banco de España will apply the flexibility available in the regulations on minimum requirements for own funds and eligible liabilities (MREL), in view of the impact of COVID-19

The Banco de España has undertaken to apply to the institutions under its responsibility the discretion and flexibility afforded by the legal framework for compliance with obligations in the area of resolution, in line with the decisions taken by the Single Resolution Board (SRB).

The public health emergency caused by the propagation of COVID-19 and the necessary containment measures adopted are causing a severe shock to the Spanish economy, affecting both firms and households. In this context, the fiscal, monetary and prudential authorities, at domestic and international level, are adopting a broad range of measures to mitigate both the short-term impact of this shock and its persistence over time. In particular, one of the objectives of the macro and microprudential measures is to help credit institutions to continue to provide financial support to firms and households adversely affected by this exceptional situation.

In this respect, the Banco de España, as in the case of other decisions of European supervisory bodies, is extending the set of measures recently announced by the Single Resolution Board (<https://srb.europa.eu/en/news/blog-post>) to all the credit institutions under its responsibility in the area of resolution, insofar as they are applicable. The purpose of these measures is to ensure that, while the current exceptional circumstances endure, the short-term MREL requirements do not prevent credit institutions from lending to firms and households. Specifically, the Banco de España will apply the discretion and flexibility provided by the legal system in relation to the setting of transition periods and the intermediate MREL targets, which the decisions of supervisory authorities on the capital requirements for institutions will take into account.

The Banco de España expects the institutions under its direct responsibility to continue to implement measures to improve their resolvability and to maintain appropriate control over the processes for generating and sending the information required.

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