



Communication Department

PRESS RELEASE

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The Banco de España conveys to less significant institutions under its direct supervision the ECB recommendation on dividend distributions and variable remuneration

The COVID-19 pandemic is clearly influencing developments in our economy, generating an impact whose duration and depth is not exempt from high uncertainty. Against this background, financial institutions must maintain a level of capital that enables them to reduce systemic risk and contribute to the economic recovery.

To this same end, there is a need for credit institutions to continue taking prudent decisions regarding their dividend distribution and variable remuneration policies. In this setting, the European Central Bank (ECB) has resolved on 27 July, through [Recommendation ECB/2020/35](#), to extend to 1 January 2021 their previous recommendation to all significant credit institutions in the euro area on dividend distribution in 2020. In addition, the ECB has published the text of a letter sent to each of the chief executive officers of the banks or parents of significant groups of credit institutions. The letter request that these institutions exercise extraordinary prudence in the payment of variable remuneration. These temporary and exceptional measures are motivated by the need to preserve institutions' capacity to absorb losses and provide credit to the real economy.

The Banco de España has conveyed these [measures to the least significant credit institutions under its direct supervision](#).

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