Box 2.4

## DEVELOPMENTS IN EASING AND STABILISATION MEASURES

In order to tackle and mitigate the economic and social impact of COVID-19, in 2020 most European countries introduced support programmes, such as moratoriums and public guarantees. Also, in the area of supervision, the authorities adopted measures focused on easing capital and liquidity requirements and lightening certain operational burdens imposed by supervision.

In 2021, the granting of moratoriums and of financing to companies with Official Credit Institute (ICO) guarantees was much lower than in 2020, since the latest deadline for granting moratoriums under the European Banking Authority's guidelines was March 2021, and the ICO guarantee programme, while remaining active throughout 2021, had already been largely used up in 2020.

On 30 September 2021, loans that had benefited from moratoria[1] in Spain amounted to EUR 44.1 billion (i.e., 4.3% of total company, household and self-employed portfolios), 89% of the moratoria had expired and their NPL ratio at that date was 10.6%.

In relation to the State guarantees granted in Spain, by September 2021 94% of the initial programme had been completed, representing a liquidity injection of EUR 131.6 billion (69.8% drawn down), of which 73% has been granted to the self-employed and SMEs and the remaining 27% to large companies. Of the total risk, the portion guaranteed by the ICO amounts to EUR 100.2 billion (76.1%). In terms of their accounting classification, ICO exposures continued to have low NPL ratios (2.7% in September 2021), although a significant portion were Stage 2 exposures (21.1% in September 2021) and they were beginning to show signs of impairment.

In September 2021, 39% of these transactions still benefited from grace periods, most of which expire in mid-2022. Following the extensions of Royal Decree-Law 34/2020, the maturities, which were previously concentrated in mid-2025, have been distributed between 2025, 2026 and 2028, diluting any potential cliff effect.

As regards the easing of prudential requirements, it should be noted that, taking into account the economic and financial performance to date and the gradual return to normality in most banks, no further deferrals are foreseen for the easing measures and decisions implemented in 2020 in response to the pandemic crisis.

The supervisor expects institutions to comply with the overall minimum level of the 100% liquidity coverage ratio from 1 January 2022. However, it will continue to allow banks to operate below Pillar 2 guidance and the combined buffer requirement until at least the end of 2022, without this automatically triggering supervisory action. In June 2021 the supervisor extended until the end of March 2022 the exclusion of certain exposures to central banks from the leverage ratio; however, in February 2022 the European Central Bank announced that it no longer considered it necessary to extend the exclusion beyond 31 March 2022.

As regards institutions' profit distribution policy, in July 2021 the ECB and the Banco de España decided against extending their recommendations aimed at limiting dividend distributions and share buybacks.

1 Moratorium data relating to significant institutions in Spain, since Common Reporting on moratoria is only reported by these institutions.