

Comunicato Stampa

DIFFUSO A CURA DEL SERVIZIO SEGRETERIA PARTICOLARE DEL DIRETTORIO E COMUNICAZIONE

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Recommendation of the Bank of Italy on the dividend distribution policies of less significant Italian banks during the Covid-19 pandemic

The country is engaged in an unprecedented collective effort to contain the spread of Covid-19, with significant restrictions on the entire Italian economic and production system.

Given the current emergency, the Bank of Italy extends to the less significant institutions the Recommendation issued today by the European Central Bank (ECB) for significant institutions⁽¹⁾. The objective of the Recommendation is to channel profits to strengthening own funds so as to place the financial system in a better position to absorb the losses that will materialize as a result of this situation and to continue to support the economy. This Recommendation reinforces the decision, announced by the SSM for significant institutions and adopted by the Bank of Italy last Friday⁽²⁾ for less significant institutions, to allow credit institutions to operate temporarily below the Pillar 2 Guidance level, the capital conservation buffer (CCB) and the liquidity coverage ratio (LCR).

Therefore, the Bank of Italy recommends that, at least until 1 October 2020, all banks and banking groups under its supervision:

1. will not pay out any dividends, including the distribution of reserves, and will not take on any irrevocable commitments regarding the payment of dividends for the financial years 2019 and 2020; and
2. will refrain from carrying out share buy-backs aimed at remunerating shareholders.

Any banks or banking groups that do not intend to comply with this Recommendation must contact the Bank of Italy immediately to explain their reasoning.

Similarly to dividend distribution policies, variable-remuneration policies can also have a significant impact on own funds. The Bank of Italy requires banks to adopt a prudent and farsighted approach in setting their remuneration policies.

In keeping with the provisions of the ECB, the Bank of Italy will continue to monitor the economic situation and will assess the advisability of suspending dividend distribution further after 1 October 2020.

¹https://www.ecb.europa.eu/ecb/legal/pdf/ecb_2020_19_f_sign.pdf;

²https://www.bancaditalia.it/media/comunicati/documenti/2020-01/Deadlines-extension-COVID-19.pdf?language_id=1