

 Firms  Households  General government  Banking sector



## VULNERABILITIES

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>High indebtedness</li> </ul>  | <ul style="list-style-type: none"> <li>High indebtedness</li> <li>Low savings</li> </ul>  | <ul style="list-style-type: none"> <li>High indebtedness</li> </ul>  | <ul style="list-style-type: none"> <li>High exposure to non-performing loans, public debt and real estate market</li> <li>Low profitability</li> </ul>  |
|---|--|---|--|



## IMPACT

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|--|---|--|--|
| <ul style="list-style-type: none"> <li>Work stoppage</li> <li>Decrease in revenue</li> </ul>  | <ul style="list-style-type: none"> <li>Decrease in income</li> <li>Higher unemployment</li> </ul>  | <ul style="list-style-type: none"> <li>Increase in expenditure</li> <li>Decrease in revenue</li> <li>Rise in debt</li> </ul>  | <ul style="list-style-type: none"> <li>Fall in real estate prices</li> <li>Increase in credit impairment</li> <li>Devaluation of securities in the portfolios</li> </ul>  |
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## MITIGANTS

Adjustment prior to the pandemic crisis








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|---|---|---|---|
| <ul style="list-style-type: none"> <li>More savings</li> <li>More capital</li> <li>Less indebtedness</li> </ul>  | <ul style="list-style-type: none"> <li>Less indebtedness</li> </ul>  | <ul style="list-style-type: none"> <li>Less indebtedness</li> <li>Adjustment in fiscal balance</li> </ul>  | <ul style="list-style-type: none"> <li>More capital</li> <li>More liquidity</li> <li>More stable financing</li> <li>Adequate credit standards</li> <li>Less non-performing loans</li> </ul>  |
|---|---|---|---|

Goals of the measures taken at national and European level in the context of the COVID-19 pandemic

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|---|---|--|--|
| <ul style="list-style-type: none"> <li>Guarantee liquidity</li> <li>Preserve output capacity</li> <li>Increase capital</li> </ul>  | <ul style="list-style-type: none"> <li>Mitigate income loss</li> <li>Preserve jobs</li> </ul>  | <ul style="list-style-type: none"> <li>Keep borrowing capacity in sustainable conditions to support the economy</li> </ul>  | <ul style="list-style-type: none"> <li>Provide funds to the economy</li> <li>Create capacity to absorb losses</li> </ul>  |
|---|---|--|--|



## RISKS

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|--|--|
| <ul style="list-style-type: none"> <li>Deterioration of financing conditions</li> <li>Decrease in debt servicing capacity</li> </ul> | <ul style="list-style-type: none"> <li>Higher default rates</li> <li>Devaluation of exposures to public debt</li> <li>Decline in the value of real estate collateral</li> <li>Pressure on profitability</li> <li>Difficulty increasing capital the context of an incomplete Banking Union</li> <li>Money Laundering/Terrorist Financing</li> </ul> |
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## MACROPRUDENTIAL POLICY

- Flexibility in using the combined buffer requirement, the P2G and the liquidity coverage requirement and changing the composition of the P2R
  - Postponing by one year the phase-in period of the O-SII capital buffer
  - Maintaining the countercyclical capital buffer rate at 0% of the total risk exposure amount
  - Reassessing the macroprudential Recommendation to ensure liquidity in the short term and to anchor credit standards in the medium and long term: exemption of new personal credits with maturities of up to two years and duly identified as intended to mitigate households' temporary liquidity shortage situations from compliance with the DSTI ratio limit and with regular principal and interest payments
  - Amending the macroprudential Recommendation: reduction in the maximum maturity for personal credit and in the exceptions to the DSTI ratio limit
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