Andrea ENRIA
Chair of the Supervisory Board

Ms Clara Ponsatí Obiols
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 08 May 2020

Re: Your letter (QZ-026)

Honourable Member of the European Parliament, dear Ms Ponsatí Obiols,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 6 April 2020.

The ECB has recommended that banks not pay dividends for the 2019 and 2020 financial years and refrain from share buy-backs aimed at remunerating shareholders, until at least 1 October 2020.[1]

The recommendation did not retroactively cancel the dividends already paid out by some banks for the 2019 financial year. However, banks that had asked their shareholders to vote on a dividend distribution proposal at their upcoming General Shareholders Meetings were expected to amend such proposals in line with the recommendation.

In a few cases, banks' General Shareholders Meetings had already taken place and had approved a dividend before the ECB recommendation was published, even though the actual payment of the dividend would only take place after the recommendation was published. In many of these cases it was not possible to prevent the payment, for instance because doing so could constitute a default by the bank under national corporate law.

Regarding the impact of the recommendation, many banks have already disclosed their proposed dividends for 2019 and such information is therefore partially available from public sources. We cannot, however, comment on individual credit institutions and their business decisions or provide a bank-by-bank breakdown because our information on the impact of the recommendation, and the underlying reasons for banks'

[1] https://www.bankingsupervision.europa.eu/ecb/legal/pdf/oj_c_2020_102i_full_en_txt.pdf

responses to it, stems from confidential discussions between banks and supervisors, which are protected by professional secrecy requirements as outlined in the SSM Regulation.[2]

What we can say is that, at an aggregate level, significant institutions originally proposed to pay €35.6 billion in dividends for the 2019 financial year. Of this, €27.5 billion has not been paid out, almost €6.2 billion had already been paid out by the time the ECB's recommendation was published, while just under €2 billion was paid out after the recommendation was published, for instance because it was not possible to reverse a decision taken at a General Shareholders Meeting.

Yours sincerely,

[signed]

Andrea Enria

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[2] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. OJ L 287, 29.10.2013, p. 63–89.