



EUROPEAN COMMISSION

*Brussels, 1.9.2020
C(2020) 6034 final*

Dear President,

The Commission would like to thank the Senat for its Opinion on the Interpretative Communication on the application of the accounting and prudential frameworks to facilitate EU bank lending – Supporting businesses and households amid COVID-19 {COM(2020) 169 final}.

This Communication, together with the legislative proposal for targeted amendments to Regulation (EU) No 575/2013 (the Capital Requirements Regulation), formed part of the European Commission's initial response to mitigate the economic impact of the COVID-19 pandemic. The proposed changes to the Capital Requirements Regulation have been adopted by the colegislators and apply as of 27 June 2020 conferring banks temporary alleviations in the context of the COVID-19 pandemic. Both the Communication and the legislative changes recognise that banks, which are more solid pursuant to the reforms undertaken in the aftermath of the 2008 crisis, need to play a role in managing the immediate economic impact of the COVID-19 pandemic and contribute to a swift recovery.

The Communication sends a clear message that the Union's regulatory framework is conducive to banks supporting citizens and businesses during the COVID-19 crisis by providing funding. It clarifies that – in the exceptional situation triggered by the COVID-19 pandemic – the accounting and prudential rules applicable to banks in the Union can be applied more flexibly and in a coherent manner, while maintaining a prudent approach so as to preserve financial stability. Without such Communication, banks might have been unsure of the regulatory response to the COVID-19 pandemic and might have unduly refrained from lending in the face of the unprecedented uncertainty, risking further aggravation of the COVID-19 shock via a credit crunch.

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The Commission has taken several other measures to support demand and underpin confidence in a strong and inclusive recovery. Examples include (i) the temporary relaxation of the State aid framework and suspension of the Stability and Growth Pact, (ii) the proposal of a mechanism to support unemployed workers (backstopping national unemployment insurances) and (iii) the proposal for the NextGenerationEU recovery plan, centred on a temporary expansion of the EU common budget by borrowing up to EUR 750 billion to help the most affected Member States via grants and loans.

The Commission constantly monitors economic developments and is continuing its efforts, together with the European Parliament and the Council of the European Union, to ensure that all conditions are in place to ensure the sustainable recovery of the Union's economy.

The Commission hopes that these clarifications address the issues raised by the Senat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*