



**SUERF – EBF
Conference**

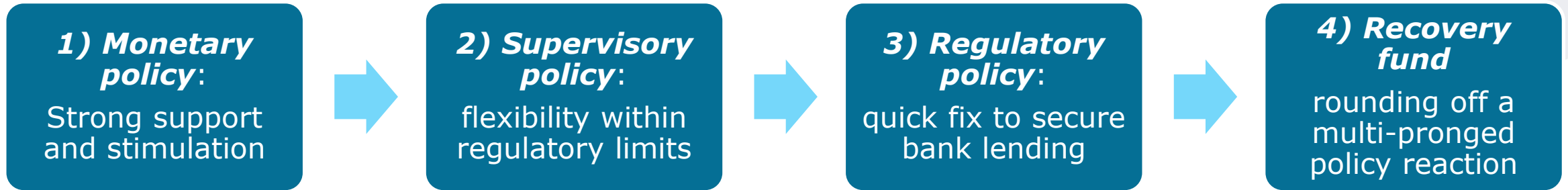
Session I

**Consequences for banks' business from
Covid-19 and policy responses**

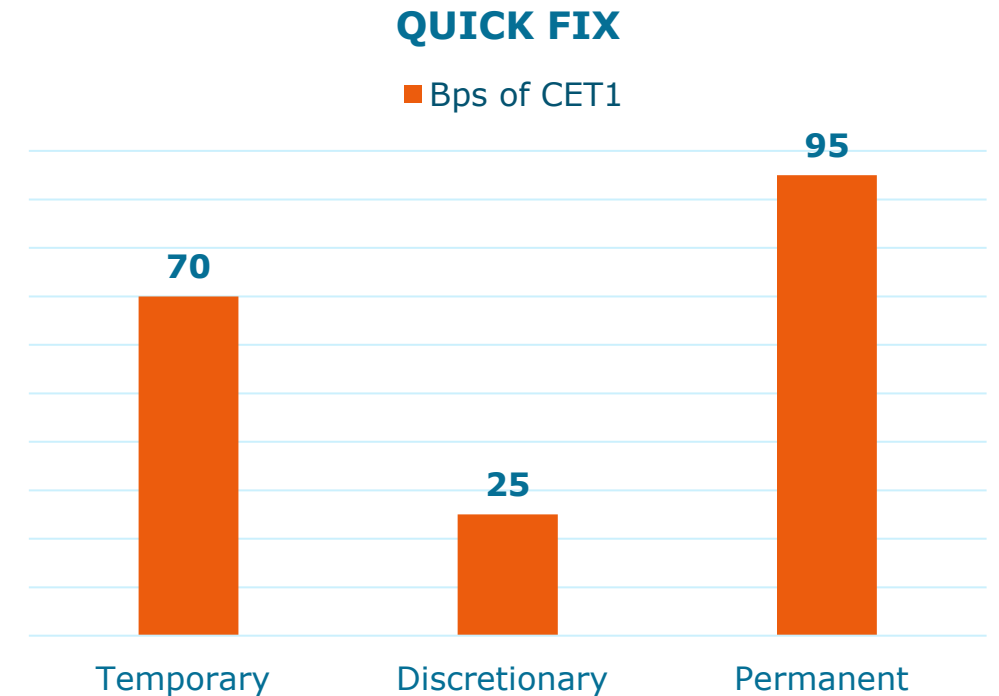


11 December 2020

Covid-19 disruption and policy reaction



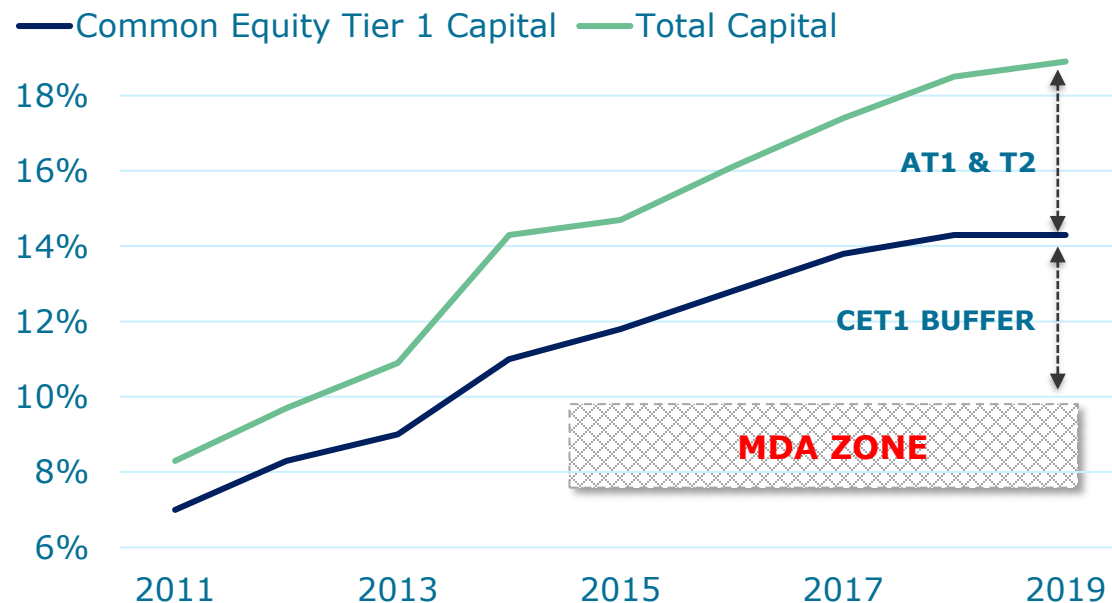
Sources: Bloomberg, ECB



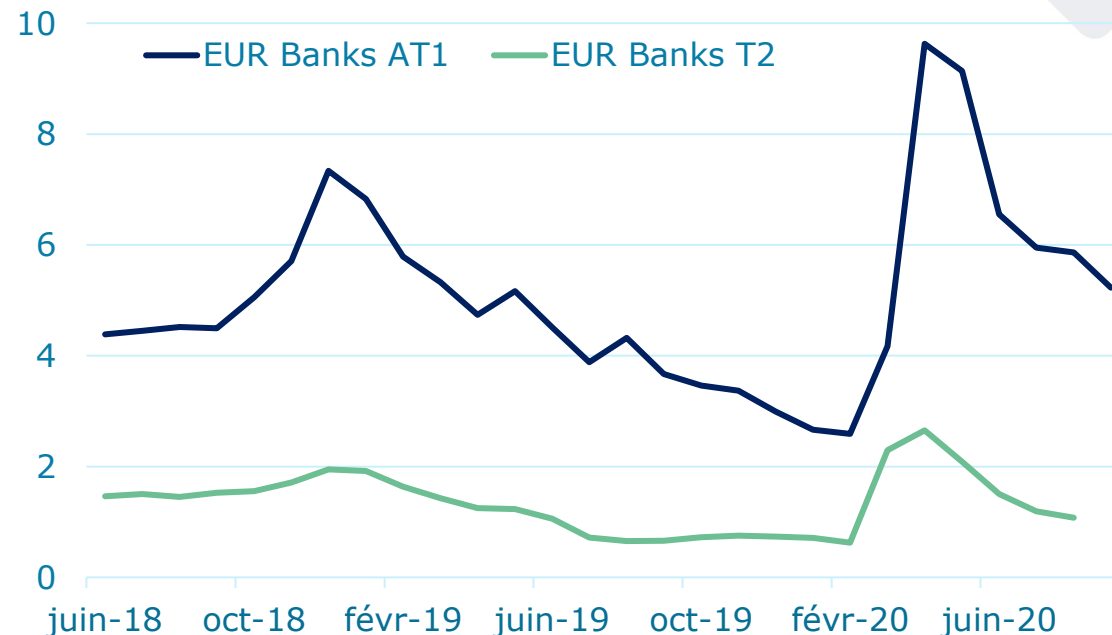
Sources: EBF, diverse analysts

Shock absorption and endurance

EU BANK CAPITAL RATIOS



AT1 & T2 YTM% SECONDARY MARKET



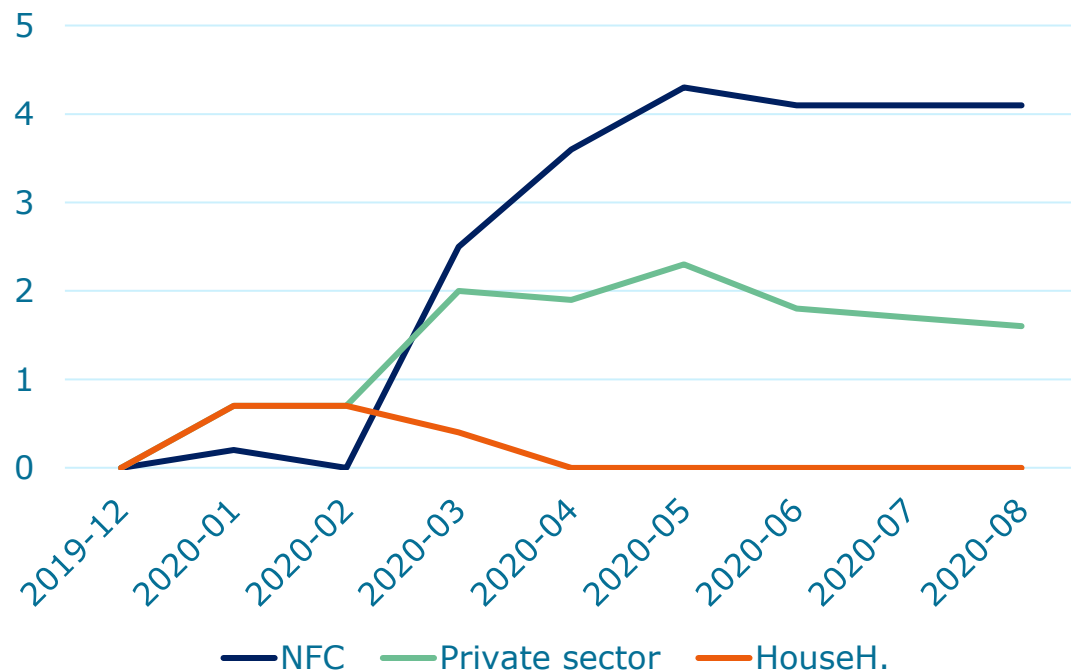
Increased loss absorbency and voluntary CET1 buffers

Extenuating circumstances shook convertible bonds market temporarily

Ample market liquidity attenuated volatility shock

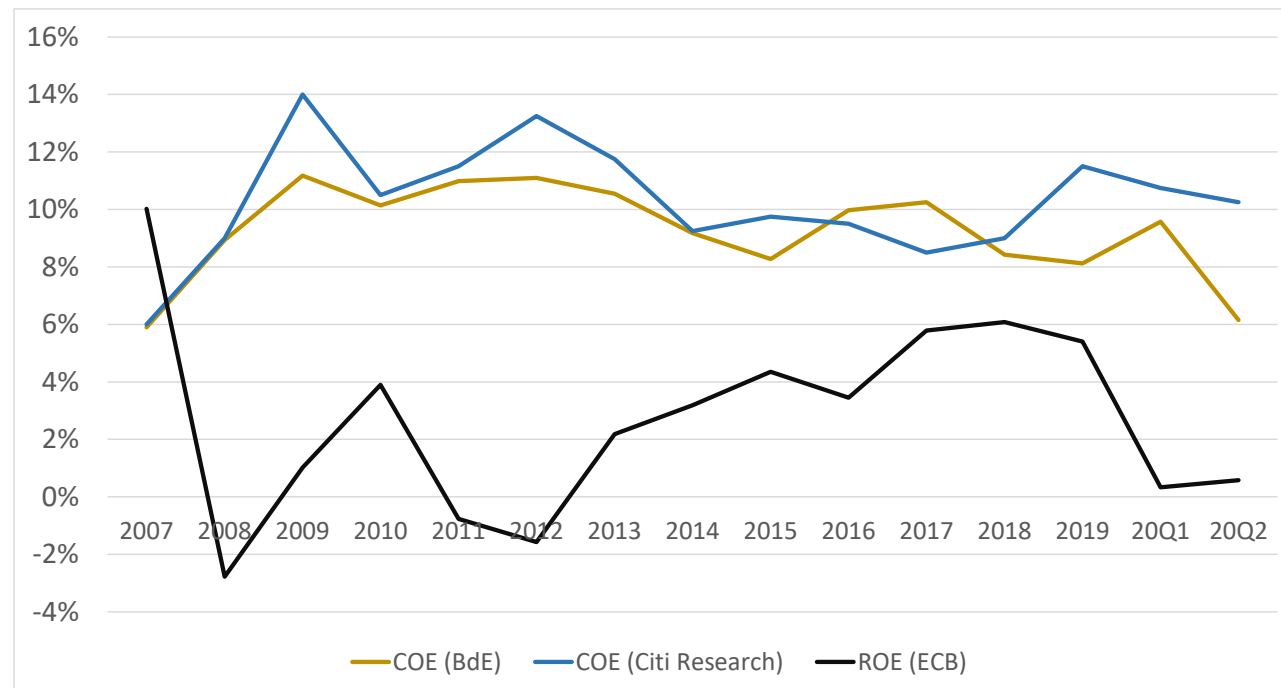
An accomplishment and an unresolved issue

% LOAN GROWTH DURING COVID-19



Source: ECB

REVERSAL GAP COE-ROE



Credit maintained and enhanced

**Longstanding reversal gap
cost-of-equity return-on-equity**