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# The prudential response to the Covid-19 crisis

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Basel, Switzerland, 30 June 2020

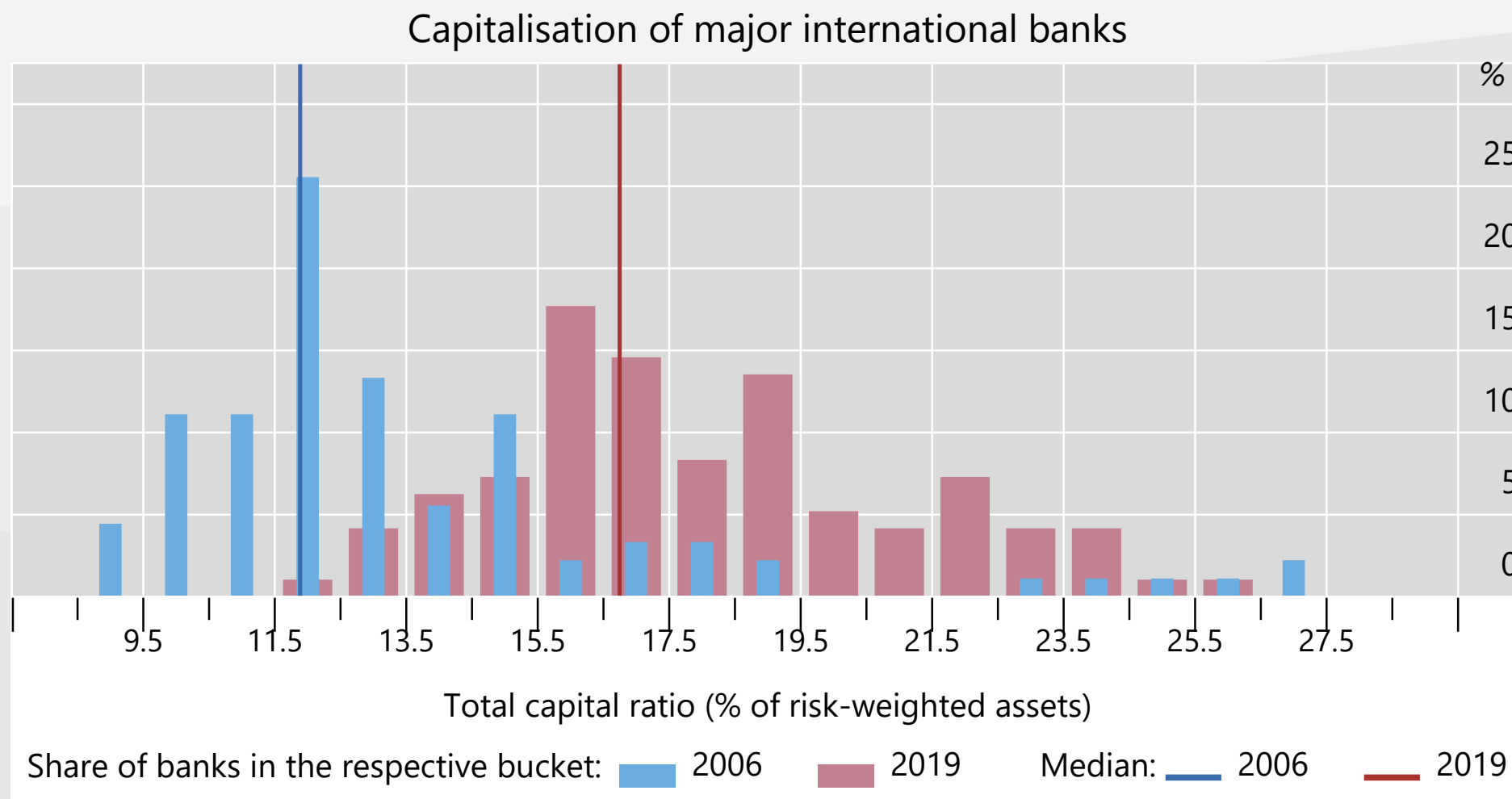


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## A unique crisis

## Banks entered the crisis with higher capital...



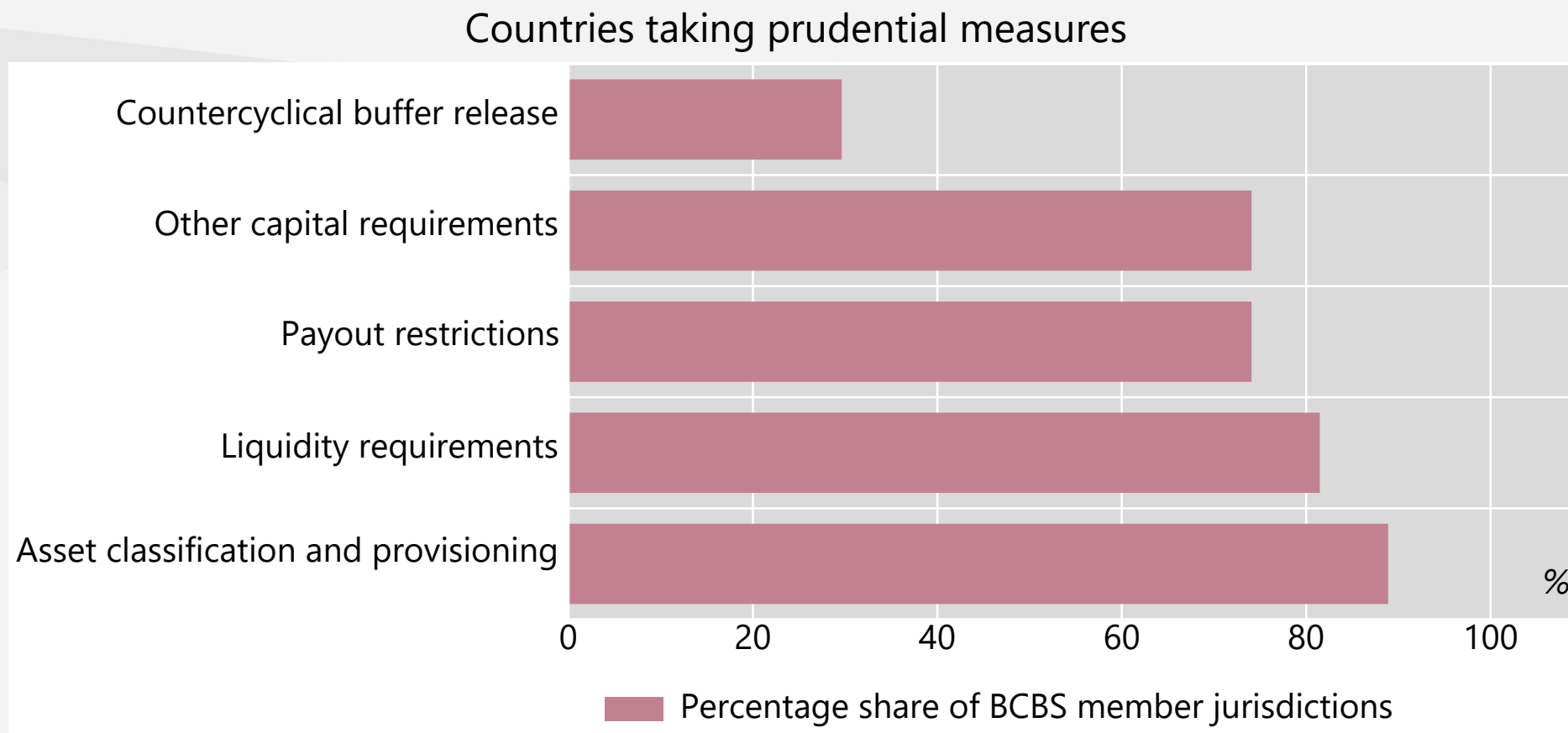


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## A unique crisis

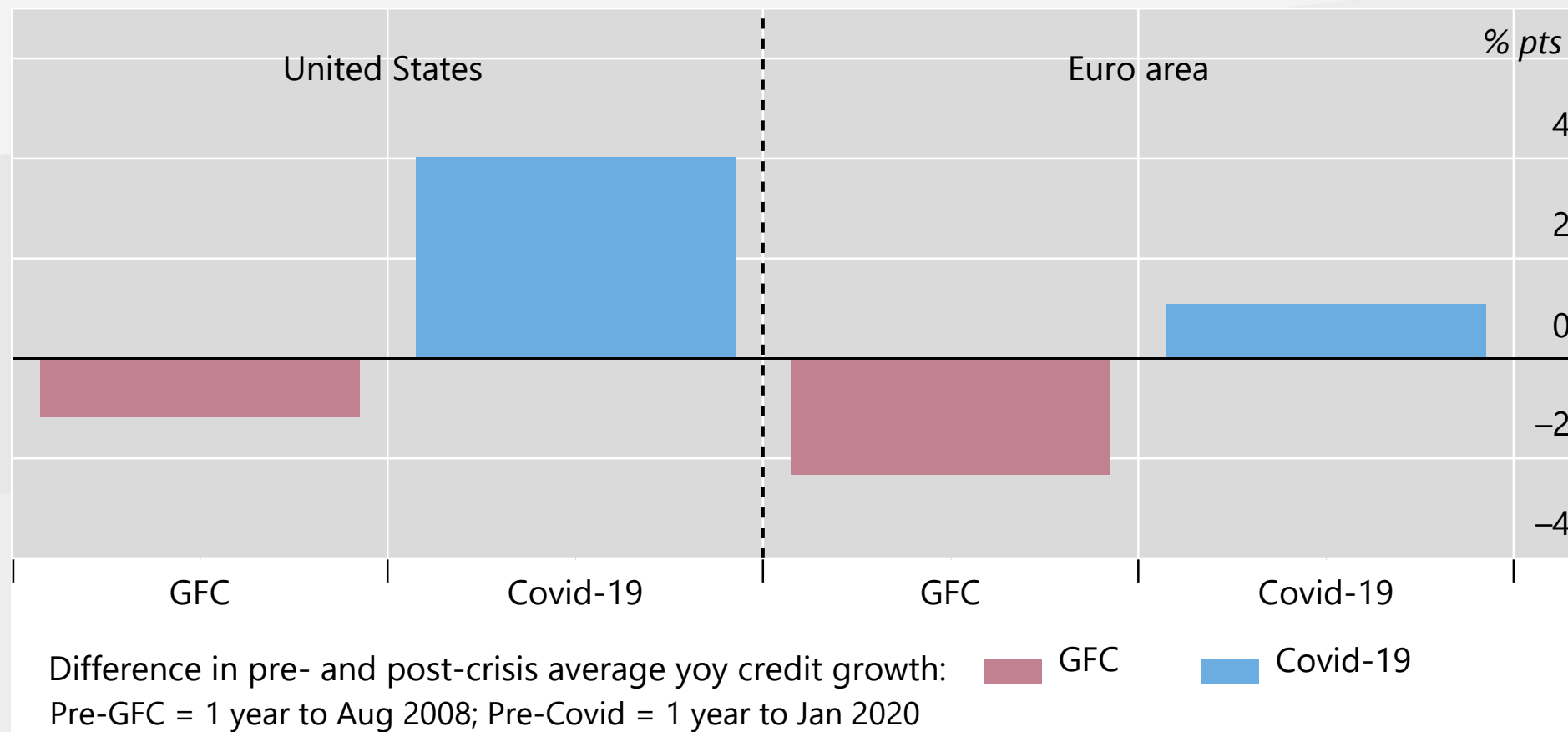
## ...facilitating the unprecedented prudential response



Banks acted as shock absorbers



## Credit expanded considerably more during this crisis than during the GFC



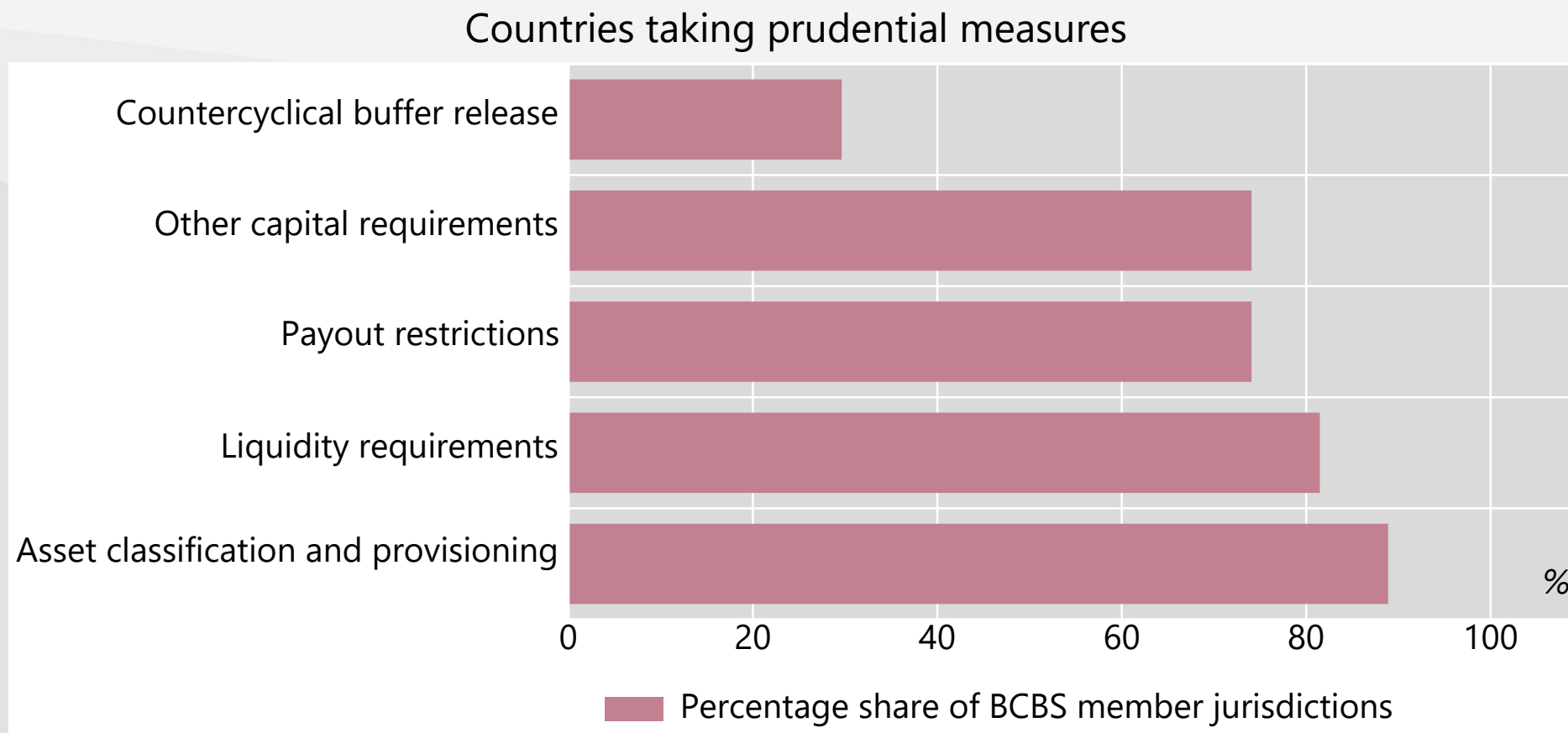


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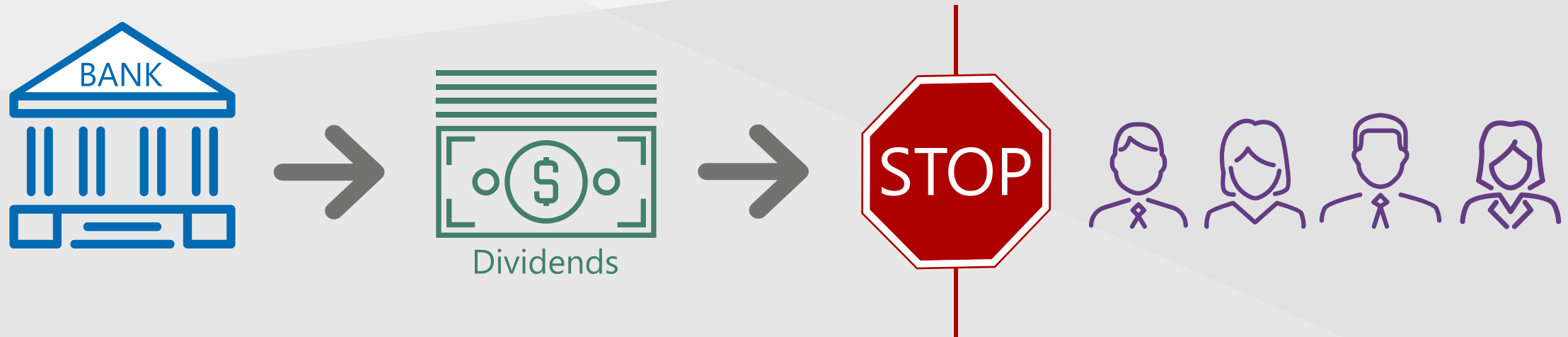
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## Three challenges

## ...facilitating the unprecedented prudential response

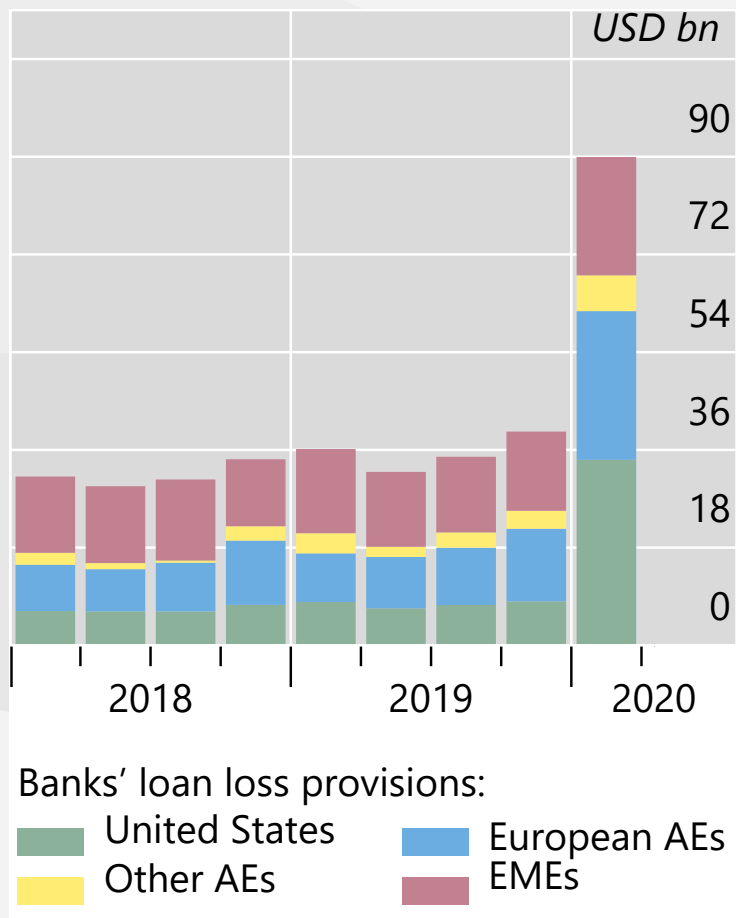


## Blanket dividend restrictions

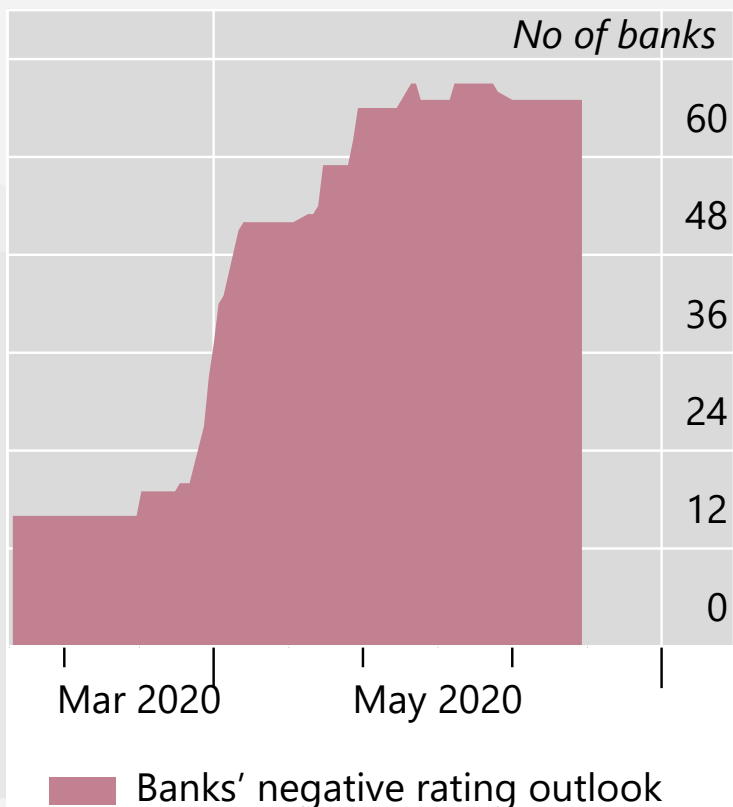


## Banks are under pressure...

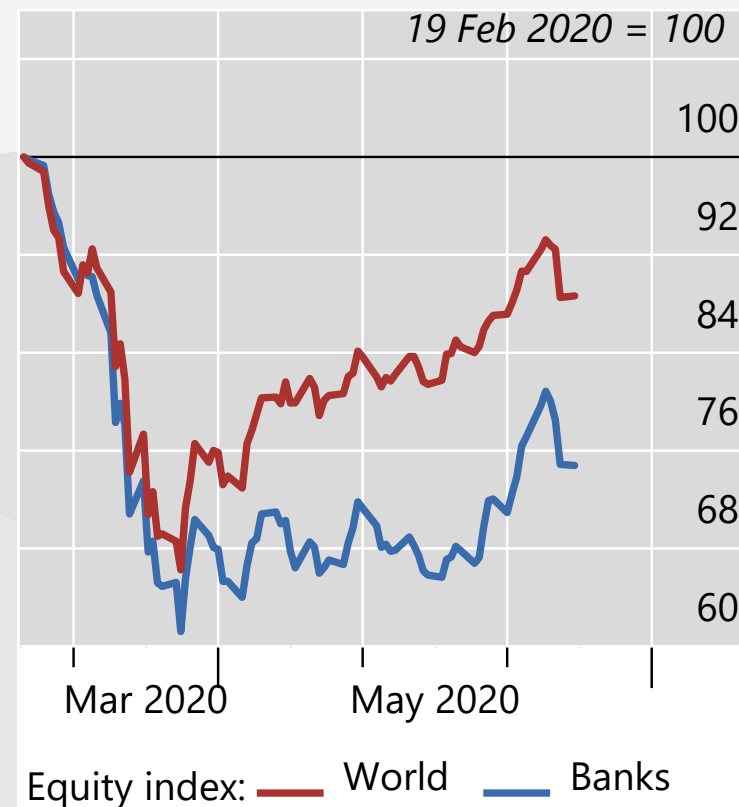
Provisions spike



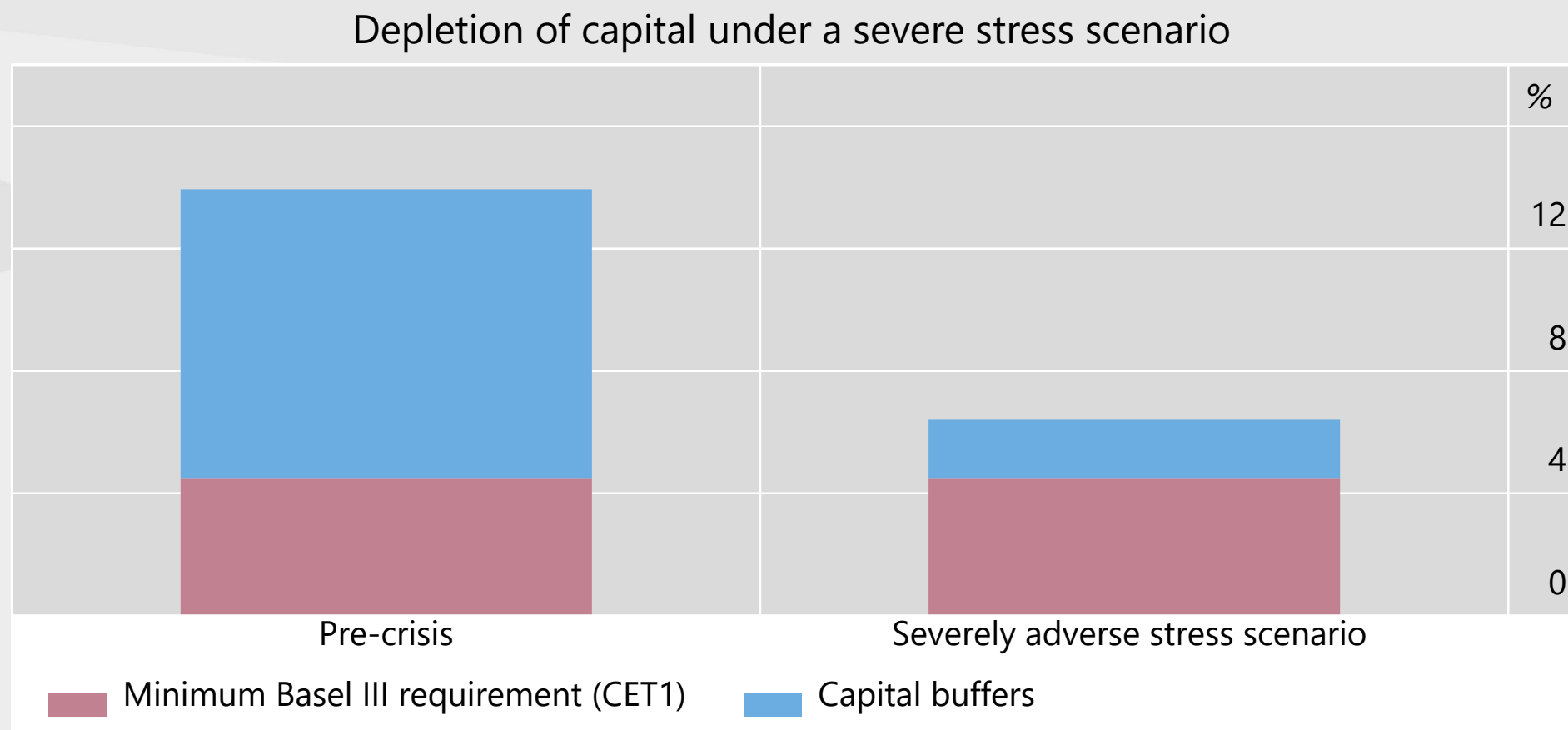
Rating outlooks deteriorate



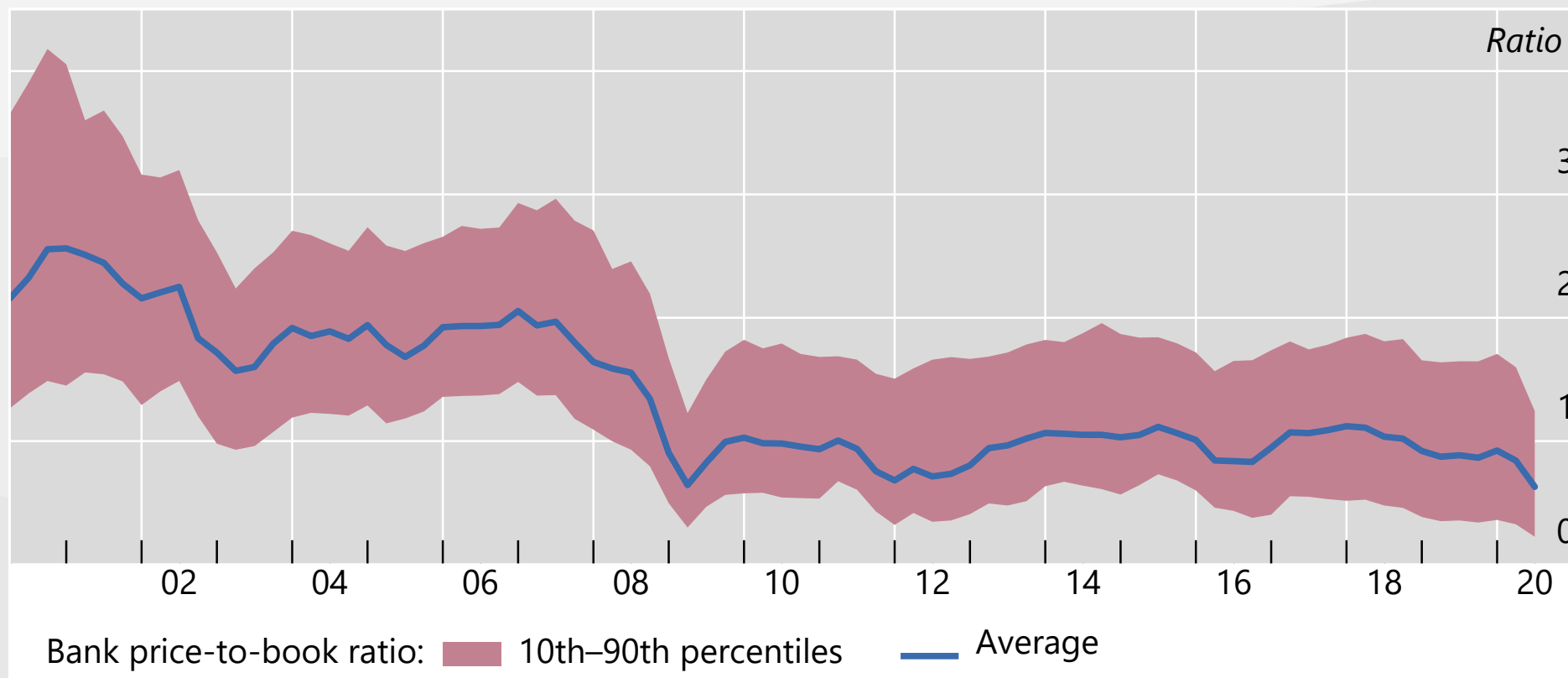
Banks' stock underperform



...and buffers are limited if the crisis persists



## Banks' profitability is structurally low





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# Final considerations