LiST 2019 maturity ladders differ from Liquidity Template over reporting horizon and granularity of time buckets

→ Longer time horizon: six months vs. three months

→ Increased granularity (i.e. weekly reporting for first two months)

→ Banks shall provide more precise information on specific events (e.g. survival period date based on shock definition; date in which the LCR would drop <100%) ← daily proxy

calendar days

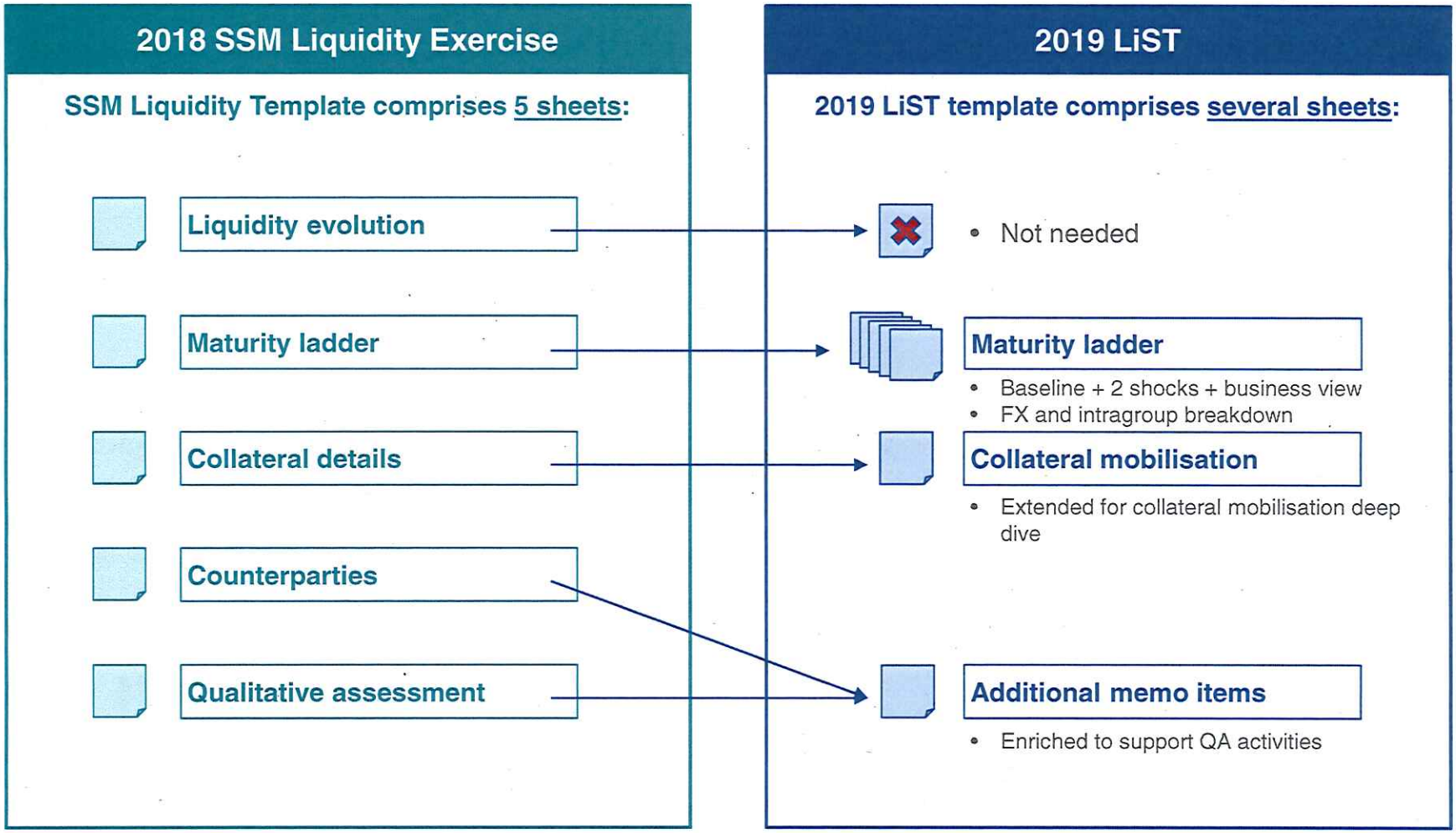
EXAMPLE

Weekdays	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	...								
SSM LE 2018	Stock T-1	Over-night	2d	3d	4d	5d	6d	7d	8d	9d	10d	11d	12d	13d	14d	30d		2m		3m		>3m		
LiST 2019	Stock T-1	1d	2d	3d	4d	5d		6d-8d		9d	10d	11d	12d	13d-19d (3w)		4w	30d/ 31d	6w	7w	8w	2m	3m	4m	5m	6m	>6m

* Example if the first reporting day was a Monday!

LCR on-daily

Some elements of SSM LE dropped but additional maturity ladders collected to enable deep dives



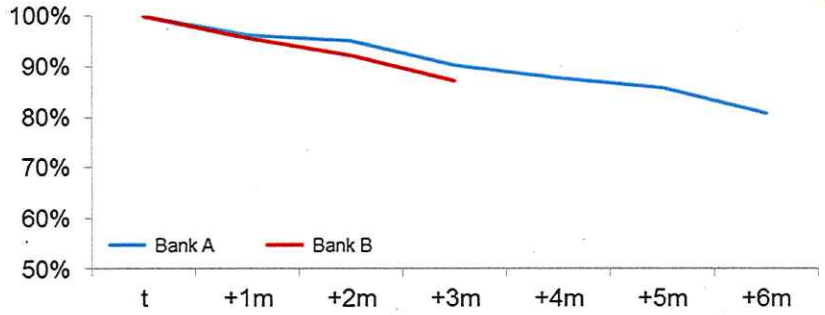
Contents

The calibration of the shocks is based on recent liquidity crises cases

1 Retail deposit outflows can be material ...

EXAMPLE

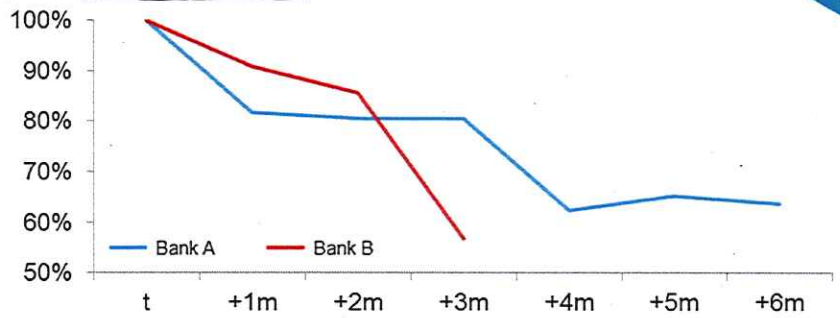
Retail sight deposits (% change in stock during crisis)



2 ... corporate clients are even more reactive

EXAMPLE

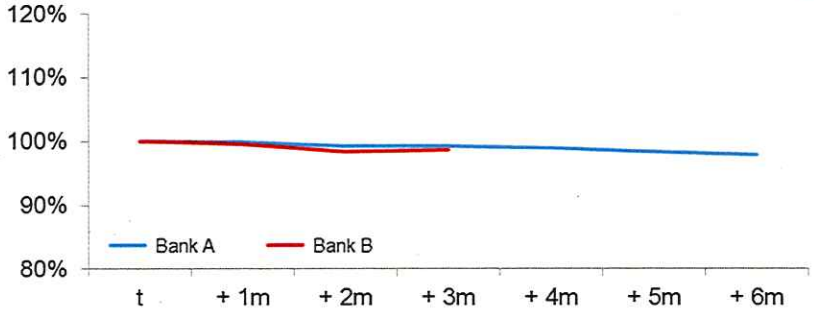
Corporate sight deposits (% change in stock during crisis)



3 Banks find it hard to deleverage quickly in response to a shock

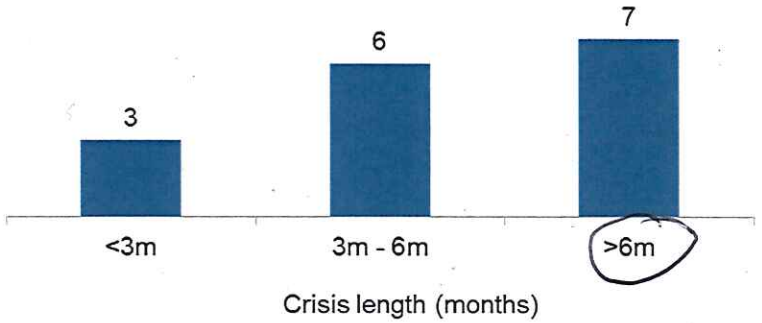
EXAMPLE

Retail loans (% change in stock during crisis)



4 Liquidity crises may last longer than one month

Number of crises observed broken down by length (in months)[a]



[a] Number of crises observed higher than number of banks looked at given that for some institutions more than one crisis was identified over time.
Source: IBSI, ECB/ NCA data.

Shocks are inspired by supervisory experience with past crisis cases, including time horizon

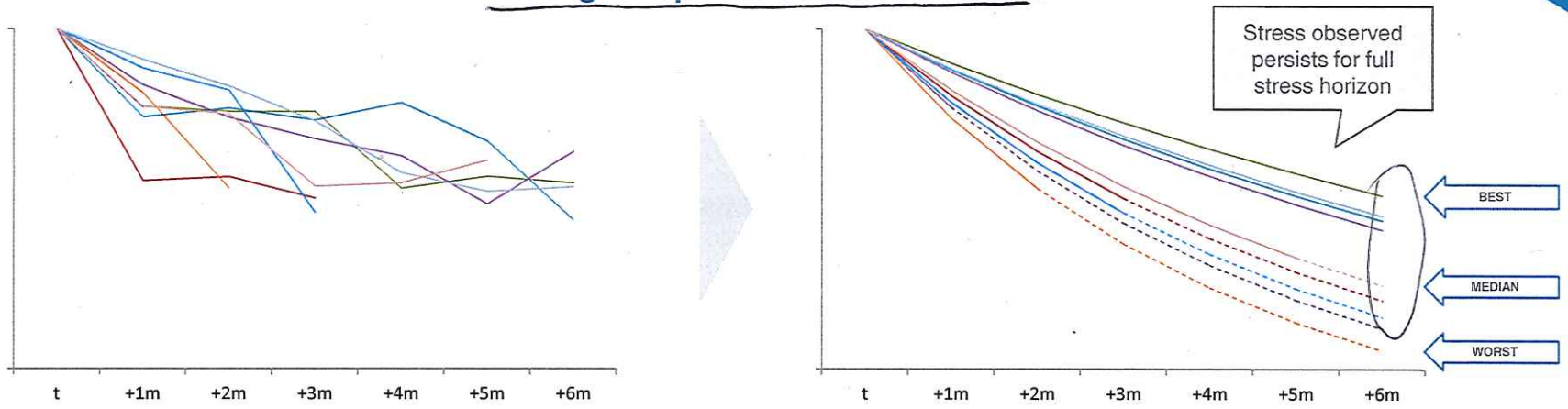
→ Example of sight deposits

Key steps followed

1. For each past crisis case, we measured the **evolution of the stock** of sight deposits (retail and corporate).
2. We extract the average monthly outflow rate as the **geometric mean** of realized outflow rates from crisis inception to lowest point.
3. We identify the **percentiles of the distribution** of average monthly outflow rates.
4. We **assign average monthly outflow rates** to the **different deposit type** reported in the maturity ladder.
5. We construct a **calibration matrix of compounding outflow rates** for **each deposit type** and for **both shocks**

EXAMPLE

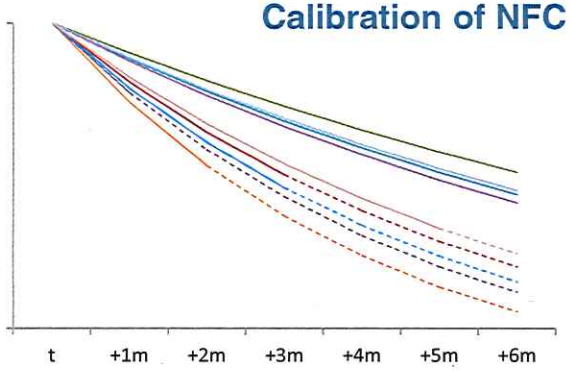
NFC sight deposits stressed outflows



Calibration of deposit outflows based on distribution parameters of real-life crisis cases

EXAMPLE

Calibration of NFC sight deposits – choice of distribution parameters



	Adverse shock	Extreme shock
	Implied outflow	Implied outflow
Operational sight deposits	Median	3rd-to-worst
Non-operational sight deposits from non-financial corporates	25th Percentile	Worst
Non-operational sight deposits from others	25th Percentile	Worst

Sight deposits stressed outflow rates – summary table (rounded figures)

	Adverse shock			Extreme shock			LCR
	Cumulated outflow rates over time			Cumulated outflow rates over time			
	1m	...	6m	1m	...	6m	1m
Stable retail	2%		12%	3%		18%	3-5%
Other retail sight deposits	7%		37%	9%		42%	10%
Operational sight deposits	10%		48%	15%		61%	5-100%
Non-operational sight deposits from credit institutions	100%		-	100%		-	100%
Non-operational sight deposits from other financial customers	100%		-	100%		-	100%
Non-operational sight deposits from non-financial corporates	13%		58%	20%		74%	100%
Non-operational sight deposits from others	13%		58%	20%		74%	20-40%

ILAAP

Overview of shocks envisaged for the key maturity ladder items

			Baseline contractual CFs	Adverse shock	Extreme shock	Business view
1	Contractual maturity items	Securities issued & secured market funding	100% outflow rate	100% outflow rate	100% outflow rate	To be filled by banks on the basis of their own business plans and assumptions
		Secured market lending	100% outflow rate	100% outflow rate	100% outflow rate	
		Term deposits (commercial counterparties)	Constant stock	18%-52% outflow rate[a]	27%-76% outflow rate[a]	
		Term deposits (financial counterparties)	100% outflow rate	100% outflow rate	100% outflow rate	
		Derivatives & FX swaps (inflow/outflow)	100% in/outflow rate	100% in/outflow rate	100% in/outflow rate	
		Loans (commercial counterparties)	Constant stock	Constant stock	Constant stock	
		Loans (financial counterparties)	100% inflow rate	100% inflow rate	100% inflow rate	
		Own portfolio investments	100% inflow rate	100% inflow rate	100% inflow rate	
		Others (inflow/outflow)	100% in/outflow rate	100% in/outflow rate	100% in/outflow rate	
2	Open maturity items	Sight deposits (commercial clients)	Constant stock	12%-58% outflow[a]	18%-74% outflow[a]	
		Sight deposits (financial counterparties)	100% outflow	100% outflow	100% outflow	
		Sight loans	Constant stock	Constant stock	Constant stock	
		Open repos & reverse repos	100% in/outflow	100% in/outflow	100% in/outflow	
3	CBC	Coins banknotes and CB reserves	Nominal value	Nominal value	Nominal value	HC aligned with current monetary policy frameworks
		HQLA (L1 & L2) and non tradable assets eligible for CB	Post-haircut value	Post-haircut value	Post-haircut value	
		Other tradable assets	Post-haircut value	Post-haircut value	Post-haircut value	
		Undrawn committed facilities received	Nominal value	Nominal value	Nominal value	
4	Contingencies	Outflows from committed facilities	Not relevant (excl. from NLP)	12%/ 60% outflow rate[b]	15%/ 75% outflow rate[b]	
		Impact from own rating downgrade		1-notch ↓	3-notch ↓	
		Net liquidity position computed as:	1+2+3	1+2+3+4	1+2+3+4	1+2+3+4

[a] Outflow rates relate to particular types of deposits which are assumed to differ in terms of stability. Lowest outflow rates are attributed to 'Stable deposits' as defined in Art. 421 CRR; whereas the highest rates relate to deposits from non-financial corporates.

[b] The lower rate shall be applied to committed credit facilities whereas the higher rates apply to committed liquidity facilities.

Sight deposits

→ The evolution of the sight deposit stock should follow the cumulated outflows envisaged below for the following five deposit categories (retail and corporate deposits)

→ Banks will be provided with a daily compounding outflow rate

Open maturity items (liability side)	Cumulated outflows												Pro memoria: LCR (comparable with the 1m rates)
	Adverse						Extreme						
	1m	2m	3m	4m	5m	6m	1m	2m	3m	4m	5m	6m	
Cash outflows from items with open maturity													
Liabilities resulting from secured lending and capital market driven transactions collateralized by Level 1, 2A, 2B tradable assets and other assets (only open repos)	100%						100%						
Liabilities resulting from sight deposits received (excluding deposits received as collateral)	--						--						
Stable retail sight deposits	2%	4%	6%	8%	10%	12%	3%	7%	10%	13%	15%	18%	3-5%
Other retail sight deposits	7%	14%	21%	27%	32%	37%	9%	17%	24%	31%	37%	42%	10%
Operational sight deposits	10%	19%	28%	35%	42%	48%	15%	27%	38%	47%	54%	61%	5-100%
Non-operational sight deposits from credit institutions	100%						100%						100%
Non-operational sight deposits from other financial customers	100%						100%						100%
Non-operational sight deposits from non-financial corporates	13%	25%	35%	44%	51%	58%	20%	36%	49%	59%	67%	74%	100%
Non-operational sight deposits from others	13%	25%	35%	44%	51%	58%	20%	36%	49%	59%	67%	74%	20-40%
Other transactions	100%						100%						

Contractual maturity liabilities

→ Banks should compute outflows on liabilities with contractual maturity by multiplying the amount maturing in each time bucket with the below rates (i.e. assume that liabilities rolled over upon maturing stay on the balance sheet beyond the stress horizon)

LCR includes flows from both open and contractual maturity items.

Contractual maturity items (liability side)	Outflow rates (of flows)		Pro memoria: LCR
	Adverse	Extreme	
Cash outflows			
Liabilities resulting from securities issued (if not retail deposits)	--	--	
Unsecured bonds due	100%	100%	
Regulated covered bonds	100%	100%	
Securitisations due	100%	100%	
Other	100%	100%	
Liabilities resulting from secured lending and capital market transactions (L1, L2A, L2B collat.)	100%	100%	
Liabilities not reported above resulting from deposits received (excl. deposits received as collateral and sight deposits)	--	--	
Stable retail deposits	18%	27%	3-5%
Other retail deposits	39%	48%	10%
Operational deposits	37%	50%	5-100%
Non-operational deposits from credit institutions	100%	100%	100%
Non-operational deposits from other financial customers	100%	100%	100%
Non-operational deposits from non-financial corporates	52%	76%	100%
Non-operational deposits from others	52%	76%	20-40%
FX-swaps maturing	100%	100%	
Derivatives amount payables other than above	100%	100%	
Other cash outflows	100%	100%	

Open maturity and contractual maturity assets

→ Banks shall assume full inflow from open reverse repos but expect no other inflows

→ Banks should compute inflows on assets with contractual maturity by multiplying the amount maturing in each time bucket with the below rates.

Open maturity items (asset side)	Inflows		Pro memoria: LCR
	Adverse	Extreme	
Cash inflows	--	--	
Open reverse repos from secured lending and capital market driven transactions collateralised by Level 1, 2A, 2B tradable assets and other assets	100%	100%	
Monies due not reported in row 0450 resulting from sight and non-maturing loans and advances	0%	0%	
Other transactions	0%	0%	

Contractual maturity items (asset side)	Inflow rates (of flows)		Pro memoria: LCR
	Adverse	Extreme	
Cash inflows			
Monies due from secured lending and capital market transactions (L1, L2A, L2B collat.)	100%	100%	50-100%
Monies due not reported above from loans and advances granted to:	--	--	
Retail customers	0%	0%	50-100%
Non-financial corporates	0%	0%	50%
Credit institutions	100%	100%	0-100%
Other financial customers	100%	100%	0-100%
Others	0%	0%	50-100%
FX-swaps maturing	100%	100%	100%
Derivatives amount receivables other than those reported above	100%	100%	100%
Paper in own portfolio maturing	100%	100%	
Other cash inflows	100%	100%	100%

Drawdowns of committed facilities and impact of rating downgrade

→ The stock of committed credit and liquidity lines should follow the cumulated outflows below

Type of facility	Cumulated outflows (draw-downs)					
	Adverse			Extreme		
	1m	2m	3m	1m	2m	3m
Credit facilities	4%	8%	12%	5%	10%	15%
Liquidity facilities	26%	45%	60%	37%	60%	75%

→ Banks shall report the overall impact of a rating downgrade of its own (long-term) issuer rating

	Cumulated outflows (draw-downs)	
	Adverse	Extreme
	instantaneous	instantaneous
Rating downgrade	1 notch	3 notches

Counterbalancing capacity

→ The counterbalancing capacity should be reported net of central bank haircuts under the relevant monetary policy framework, i.e. the Eurosystem for assets issued in the euro area

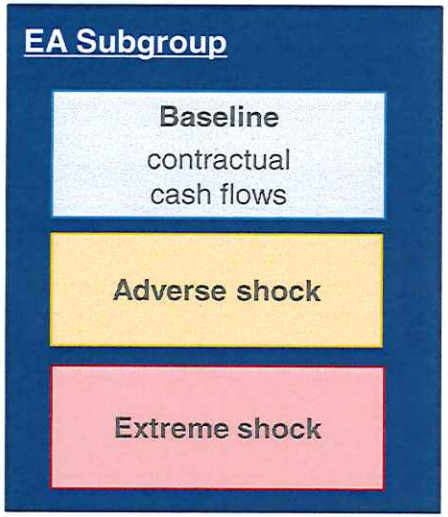
→ The below table of haircuts would apply to non-central bank eligible collateral

Non-eligible collateral items	Haircuts for LiST 2019
1. Equities	--
AAA to A-	20%
BBB+ to BBB-	35%
Lower/ Not rated by an ECAIs	50%
2. Other HQLA not eligible for Eurosystem/other CB frameworks	30%
3. Other tradable assets not eligible for Eurosystem/other CB frameworks	50%

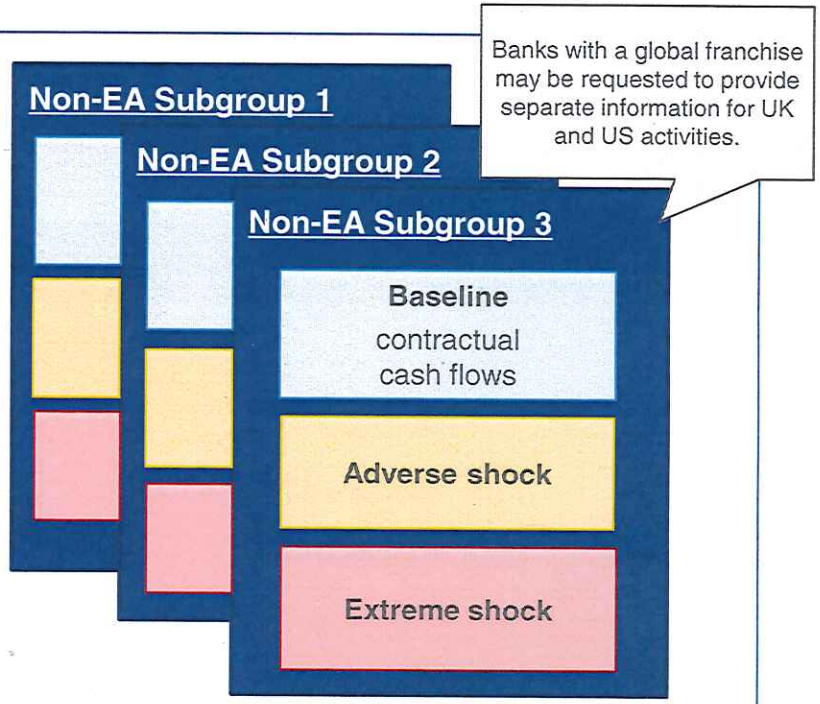
Contents

Overview of the intragroup template specificities

- Worksheet contains **up to twelve maturity ladder tables**



- **additional lines** to capture intragroup flows to / from other group entities extra EA for just the main items (subtotals), . distinguishing between secured vs. unsecured



- **additional lines** to capture intragroup flows to / from the EA group entities for just the main items (subtotals), distinguishing between secured vs. unsecured

Baseline, Adverse shock and **Extreme shock** assumptions should be filled **for EA Subgroup and each Extra EU Subgroup** (up to three)

Overview of the intragroup deep dive

Objective

Assess exposure to impediments of intragroup liquidity and collateral flows and identify main liquidity providers / receivers within group

Entities	Templates	Scenarios
Subgroup inside EA	**Main maturity ladder** + **additional lines** to capture intragroup flows to / from other group entities extra EA distinguishing between secured vs. unsecured	**Contractual cash flows** + **Adverse & Extreme shocks**
Subgroups outside EA	**Main maturity ladder** + **additional lines** to capture intragroup flows to / from the EA group entities for just the main items (subtotals), distinguishing between secured vs. unsecured	**Contractual cash flows** + **Adverse & Extreme shocks**

JSTs may use the same format for further analyses within the euro area subgroup

Intragroup liquidity: identification of liquidity subgroups

Subgroup inside of EA

→ Consolidating all countries within the **euro area as a single reporting entity**.

→ It shall include the euro area group parent company and its euro area domiciled subsidiaries. Euro area entities controlled by other group entities domiciled outside of the euro area could be kept out of the euro area Subgroup, unless material.

Subgroup(s) outside of EA

→ **Up to three "extra euro area Subgroups"**: the sub-consolidated groups including entities domiciled outside of the euro area.

→ They shall include the subsidiaries directly controlled by the group parent company domiciled outside of the euro area, in turn sub-consolidating their own direct and indirect subsidiaries domiciled outside of the euro area.

- Subgroups shall be **tailor-made** for each institution to match available information/reporting
  - Information request to be **customized for each institution**
  - The exact identification and definition of the extra euro area Subgroup(s) shall be performed by **JSTs**