

Notes on the rules for the use of eligible assets

In connection with Guideline ECB/2020/21 of 7 April 2020 and Decision ECB/2020/20 of 7 April 2020, we wish to inform you of the following deviations from the Deutsche Bundesbank's General Terms and Conditions affecting collateral for monetary policy operations, valid as from 20 April 2020. These changes shall remain in force until further notice, or at least until the aforementioned Guideline and the aforementioned Decision of the ECB are revoked or amended (points 1 to 7).

In addition, syndicated loans with pooled loan collateral may, with immediate effect, be used as collateral for Eurosystem refinancing operations and can be submitted to the Deutsche Bundesbank using the KEV procedure, provided the syndicated loans otherwise meet all eligibility requirements (point 8).

- As from 20 April 2020, pursuant to Section V No 4(5) letter (a) of the Bundesbank's General Terms and Conditions, the following valuation haircuts shall apply for haircut categories I to IV:

Credit quality ⁷	Residual maturity (years)	Haircut category ^{8,9}											
		I			II ¹⁰			III ¹⁰			IV		
		Fixed coupon	Zero coupon	Floating coupon	Fixed coupon	Zero coupon	Floating coupon	Fixed coupon	Zero coupon	Floating coupon	Fixed coupon	Zero coupon	Floating coupon
AAA to A-	0-1	0.4	0.4	0.4	0.8	0.8	0.8	0.8	0.8	0.8	6.0	6.0	6.0
	1-3	0.8	1.6	0.4	1.2	2.0	0.8	1.6	2.4	0.8	8.0	8.4	6.0
	3-5	1.2	2.0	0.4	2.0	2.8	0.8	2.4	3.6	0.8	10.4	10.8	6.0
	5-7	1.6	2.4	0.8	2.8	3.6	1.2	3.6	4.8	1.6	11.6	12.4	8.0
	7-10	2.4	3.2	1.2	3.6	5.2	2.0	4.8	6.4	2.4	13.2	14.4	10.4
	> 10	4.0	5.6	1.6	6.4	8.4	2.8	7.2	10.4	3.6	16.0	20.4	11.6

<u>Credit quality</u> ⁷	Residual maturity (years)	Haircut category ^{8,9}											
		I			II ¹⁰			III ¹⁰			IV		
		Fixed coupon	Zero coupon	Floating coupon	Fixed coupon	Zero coupon	Floating coupon	Fixed coupon	Zero coupon	Floating coupon	Fixed coupon	Zero coupon	Floating coupon
BBB+ to BBB-	0-1	4.8	4.8	4.8	5.6	5.6	5.6	6.4	6.4	6.4	10.4	10.4	10.4
	1-3	5.6	6.4	4.8	7.6	10.8	5.6	9.6	12.0	6.4	18.0	20.0	10.4
	3-5	7.2	8.0	4.8	10.8	14.8	5.6	13.2	17.6	6.4	22.4	26.0	10.4
	5-7	8.0	9.2	5.6	11.2	16.0	7.6	14.8	20.8	9.6	24.4	28.0	18.0
	7-10	9.2	10.4	7.2	12.8	19.6	10.8	15.2	22.4	13.2	24.8	29.6	22.4
	> 10	10.4	12.8	8.0	15.2	23.6	11.2	15.6	24.0	14.8	25.2	30.4	24.4

2. As from 20 April 2020, pursuant to Section V No 4(5) letter (a) of the Bundesbank's General Terms and Conditions, the following valuation haircuts shall apply for haircut category V:

<u>Credit quality</u> ⁷	WAL ¹¹	ABS	<u>Credit quality</u> ⁷	WAL ¹¹	ABS
AAA to A-	0-1	3.2%	BBB+ to BBB-	0-1	4.8%
	1-3	3.6%		1-3	7.2%
	3-5	4.0%		3-5	10.4%
	5-7	7.2%		5-7	12.0%
	7-10	10.4%		7-10	14.4%
	> 10	16.0%		> 10	24.0%

3. The additional valuation markdown pursuant to Section V No 4(5) letter (a) footnote 8 of the Bundesbank's General Terms and Conditions for jumbo Pfandbriefe, traditional Pfandbriefe, other covered bank bonds, unsecured debt instruments issued by credit institutions and asset-backed securities that are subject to theoretical pricing will be lowered from 5% to 4% with effect from 20 April 2020.
4. The additional valuation haircut pursuant to Section V No 4(5) letter (a) footnote 10 of the Bundesbank's General Terms and Conditions for the use of covered bank bonds pursuant to Section V No 3(2) letter (c) or other debt instruments pursuant to Section V No 3(2) letter (d) as collateral by counterparties which themselves are the issuer of the bond or which have close links with the issuer within the meaning of Section V No 3(5) will be lowered,

with effect from 20 April 2020, from 8% to 6.4% where the rating is at least A- and from 12% to 9.6% in all other cases.

5. As from 20 April 2020, pursuant to Section V No 4(7) of the Bundesbank's General Terms and Conditions, the following valuation haircuts shall be deducted from the outstanding nominal amount of credit claims:

<u>Credit quality</u>	<u>Residual maturity</u>	<u>Fixed coupon</u>	<u>Variable coupon</u>	<u>Residual maturity</u>	<u>Fixed coupon</u>	<u>Variable coupon</u>
AAA	0-1 year	6.4%	6.4%	5-7 years	14.8%	9.6%
to	1-3 years	9.6%	6.4%	7-10 years	19.2%	12.8%
A-	3-5 years	12.8%	6.4%	> 10 years	28.0%	14.8%

<u>Credit quality</u>	<u>Residual maturity</u>	<u>Fixed coupon</u>	<u>Variable coupon</u>	<u>Residual maturity</u>	<u>Fixed coupon</u>	<u>Variable coupon</u>
BBB+	0-1 year	12.0%	12.0%	5-7 years	34.4%	22.4%
to	1-3 years	22.4%	12.0%	7-10 years	36.0%	29.2%
BBB-	3-5 years	29.2%	12.0%	> 10 years	38.4%	34.4%

6. For residential mortgage-backed promissory notes issued under Irish law, the valuation haircut pursuant to Section V No 13(4) footnote 13 of the Bundesbank's General Terms and Conditions will be lowered from 31.5% to 25.2% of the nominal value of the promissory note with effect from 20 April 2020.
7. The Deutsche Bundesbank is not making use of the option currently granted in Article 8a of Guideline ECB/2014/31 (inserted by Guideline ECB/2020/21) to accept as collateral for monetary policy operations marketable debt instruments issued by the central government of the Hellenic Republic that do not satisfy the Eurosystem's credit quality requirements. Hence, these government bonds continue to be ineligible for refinancing operations with Bundesbank at present – despite any citation in the list of collateral published online by the ECB.
8. Previously, pursuant to Section V No 10(6) of the Bundesbank's General Terms and Conditions, submission of syndicated loans with pooled loan collateral was not permitted if the pooled collateral could not be transferred to the Deutsche Bundesbank. Effective

immediately, the Deutsche Bundesbank will also accept as collateral for refinancing operations those syndicated loans for which the loan collateral is pooled provided that the counterparty's rights to this collateral can be transferred to the Deutsche Bundesbank in lieu of the loan collateral itself.

Should you have any questions, please do not hesitate to contact the staff at our collateral hotline by calling +49 (0)69 9566 2599 or emailing sicherheitenliste@bundesbank.de.