



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

DGMS4/CRM

Benchmarking of Recovery Plans (cycle 2018/19)

Overview

- 1 Introduction**
- 2 Selection of indicators
- 3 Calibration of indicators
- 4 Options
- 5 Overall recovery capacity
- 6 Key focus points of ECB work in 2020

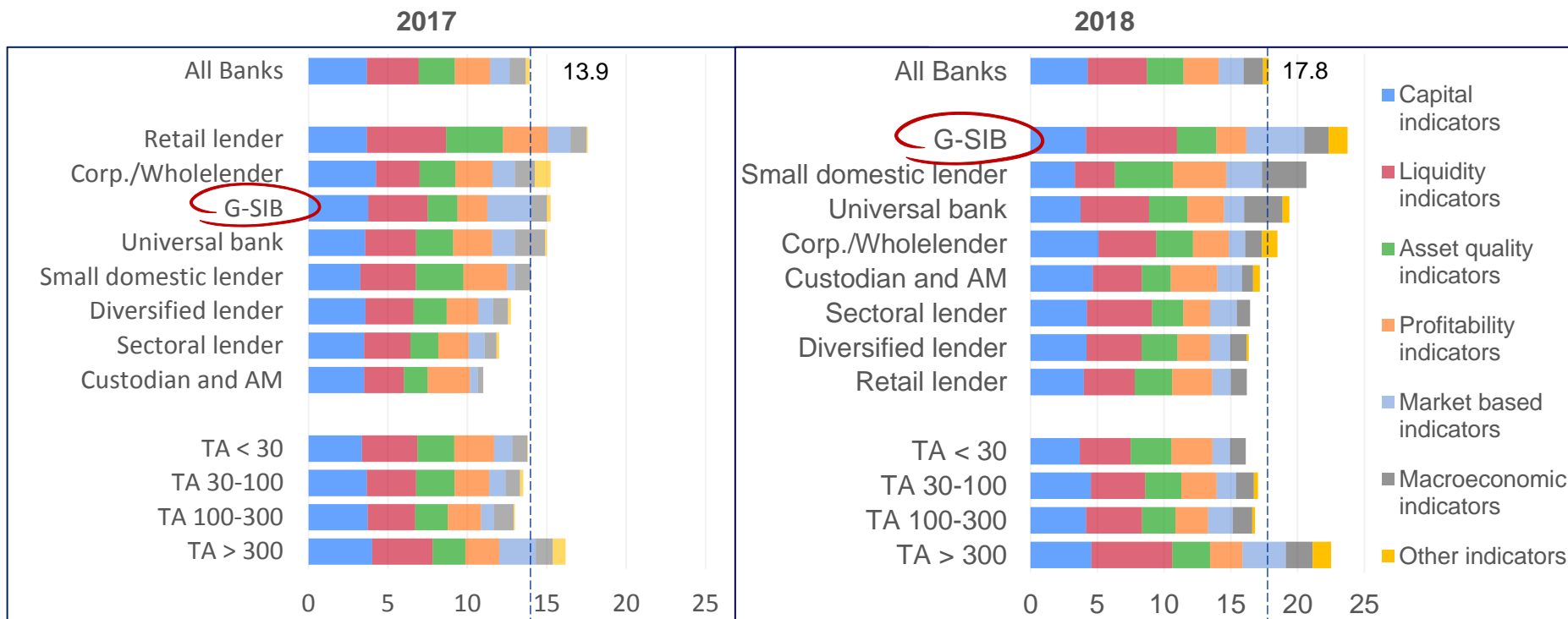
- ❑ Benchmarking analysis of the 2018 recovery plan cycle provides a horizontal overview of key characteristics of the plans and identifies key focus points for improvements
- ❑ The benchmarking encompasses plans assessed until July 2019
- ❑ Overall 91 recovery plans were received and assessed in our role as consolidating supervisor in the cycle. The core analysis is based on the standardised reporting templates of 85 recovery plans unless marked otherwise. For six banks, the standardised reporting templates could not be used to either data quality issues or timing aspects

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2. Selection of indicators

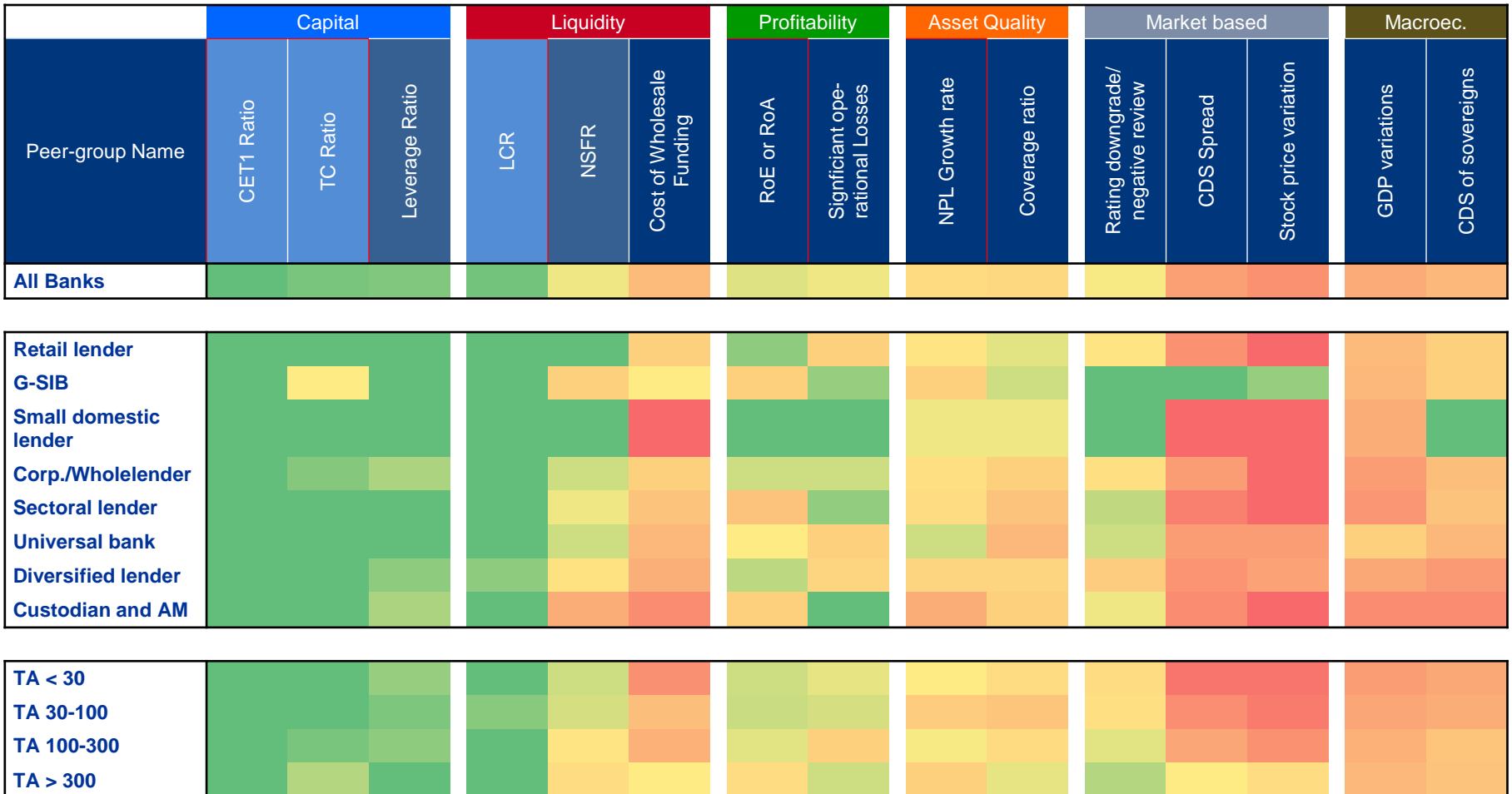
Banks react to feedback and the ECB report to use the relevant indicators: 28 % increase in indicators used – G-SIBs take the lead



2. Selection of indicators

Zooming in on EBA mandatory list: heat-map shows indicators used by all banks (dark green) to not used (dark red)

Indicators with a current regulatory minimum 
 Indicators with a future regulatory minimum 
 Indicators with no regulatory minimum 

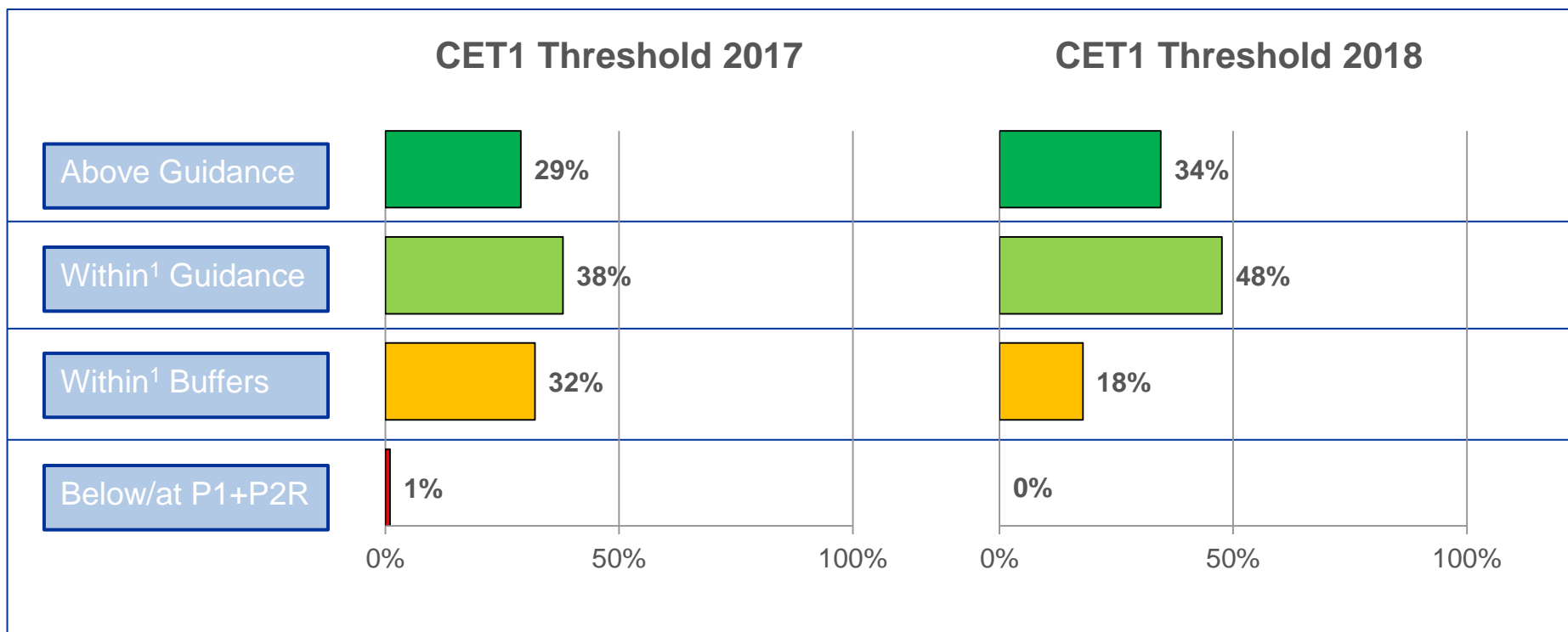


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3. Calibration of Indicators

More CET1 indicator thresholds are calibrated within or above the guidance compared to last year (up from 67% to 82%)

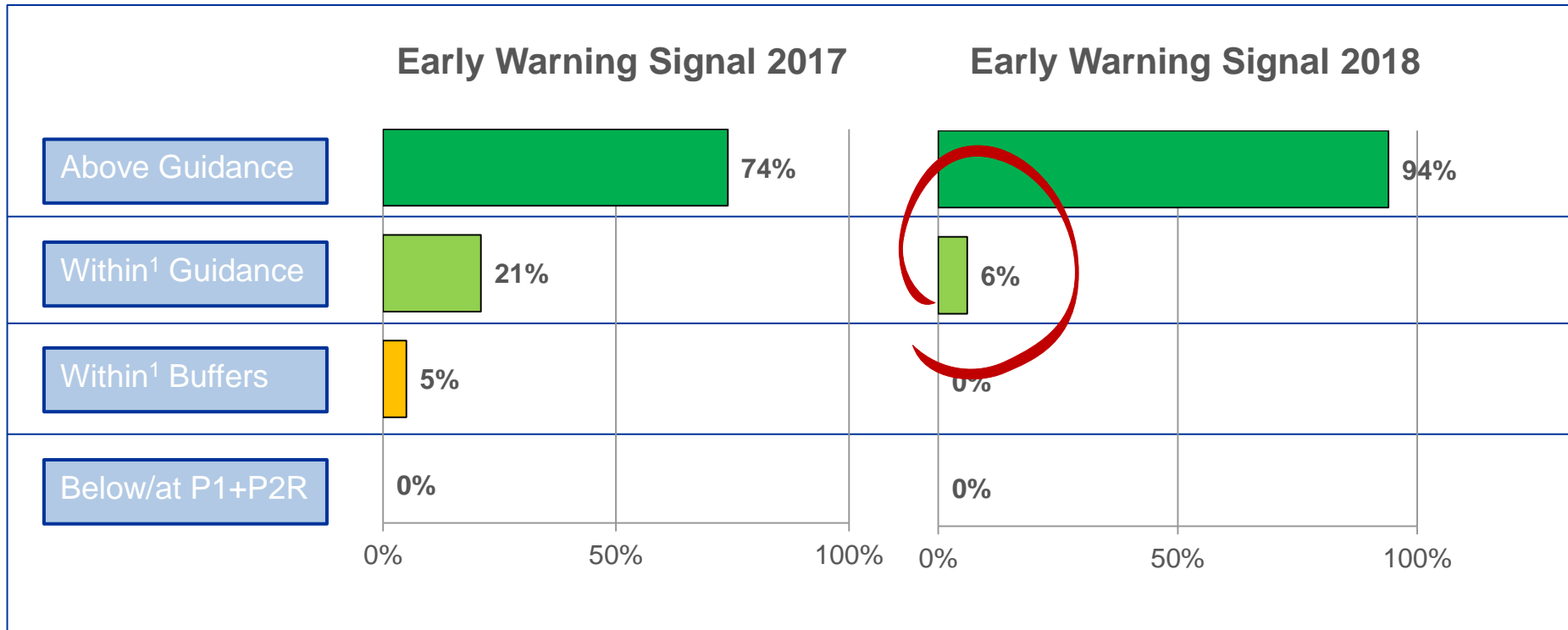


Percentage of banks with indicator levels in corresponding range

¹ within = below or at upper boundary of range (also used on following slides)

3. Calibration of Indicators

Nearly all banks calibrate CET1 early warning signals now above P2G, remaining 6% received guidance this year to comply with ECB stance

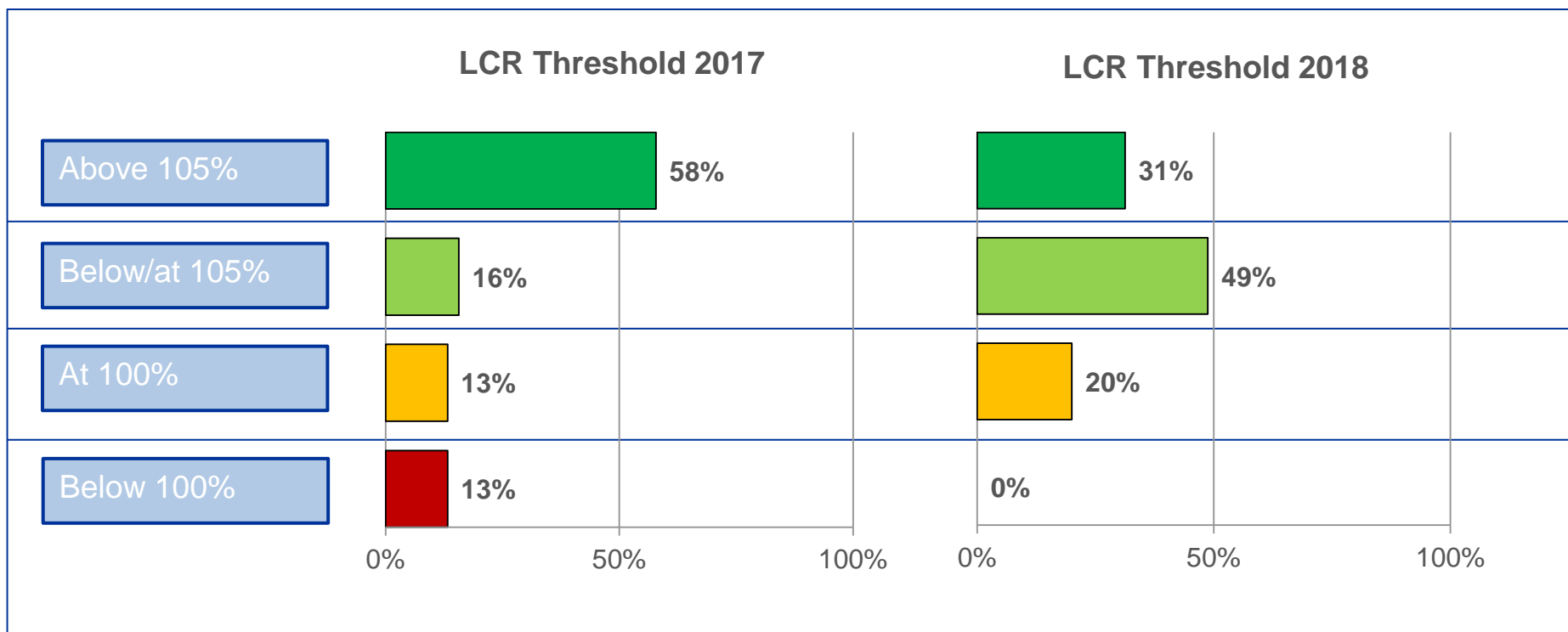


Percentage of banks with indicator levels in corresponding range

1 within = below or at upper boundary of range (also used on following slides)

3. Calibration of Indicators

Calibration of the LCR indicator thresholds converges towards a range above 100% and below or at 105%

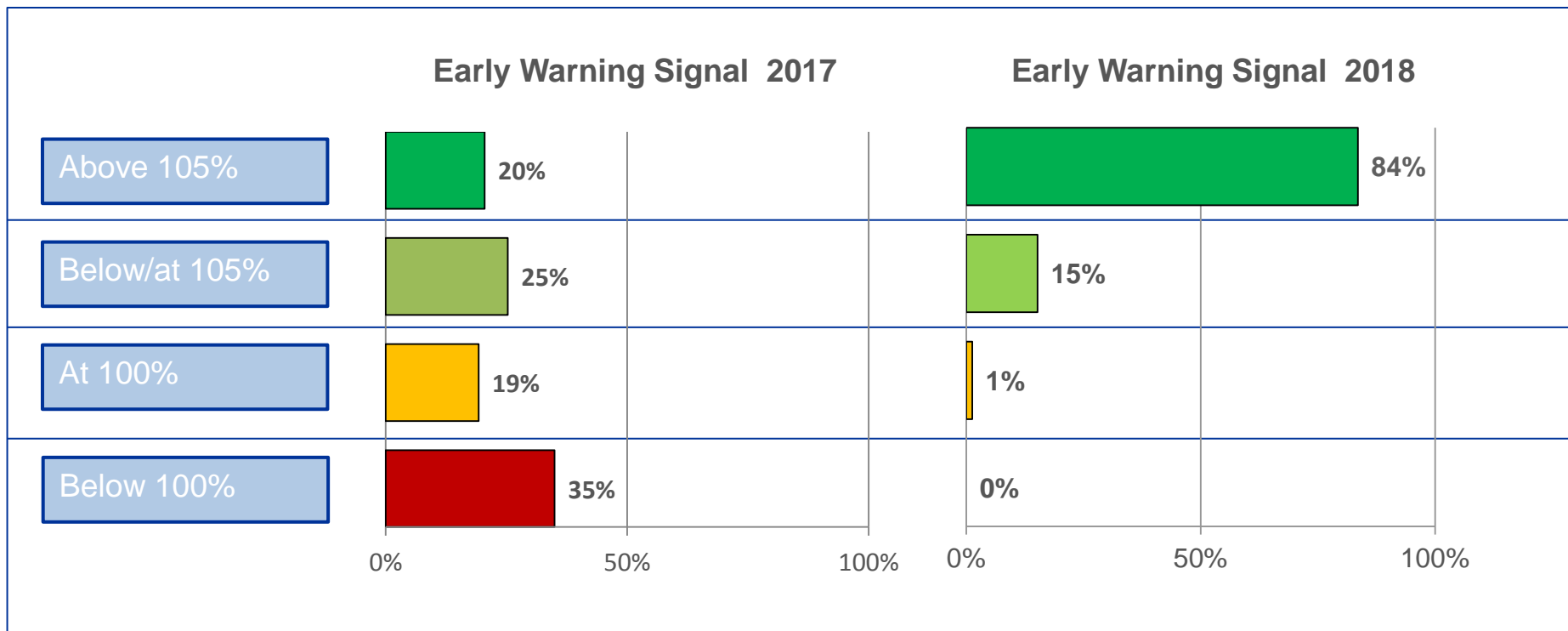


Percentage of banks with indicator levels in corresponding range

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3. Calibration of Indicators

The vast majority of LCR early warning signals is now calibrated above 105%. Only one bank out of 5 did so in the previous cycle

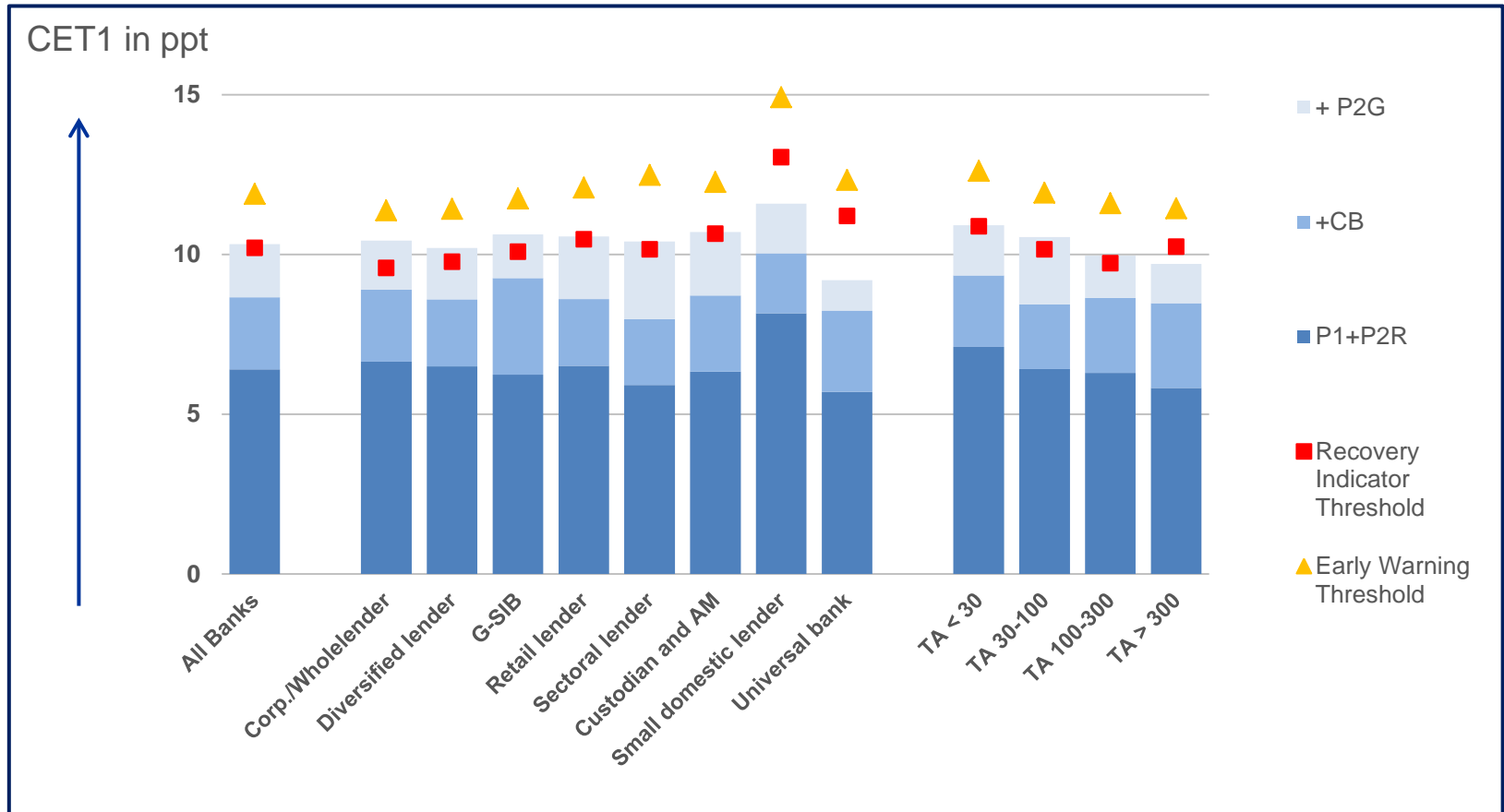


Percentage of banks with indicator levels in corresponding range

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3. Calibration of Indicators

Comparison of indicator and early warning levels with CET1 requirements



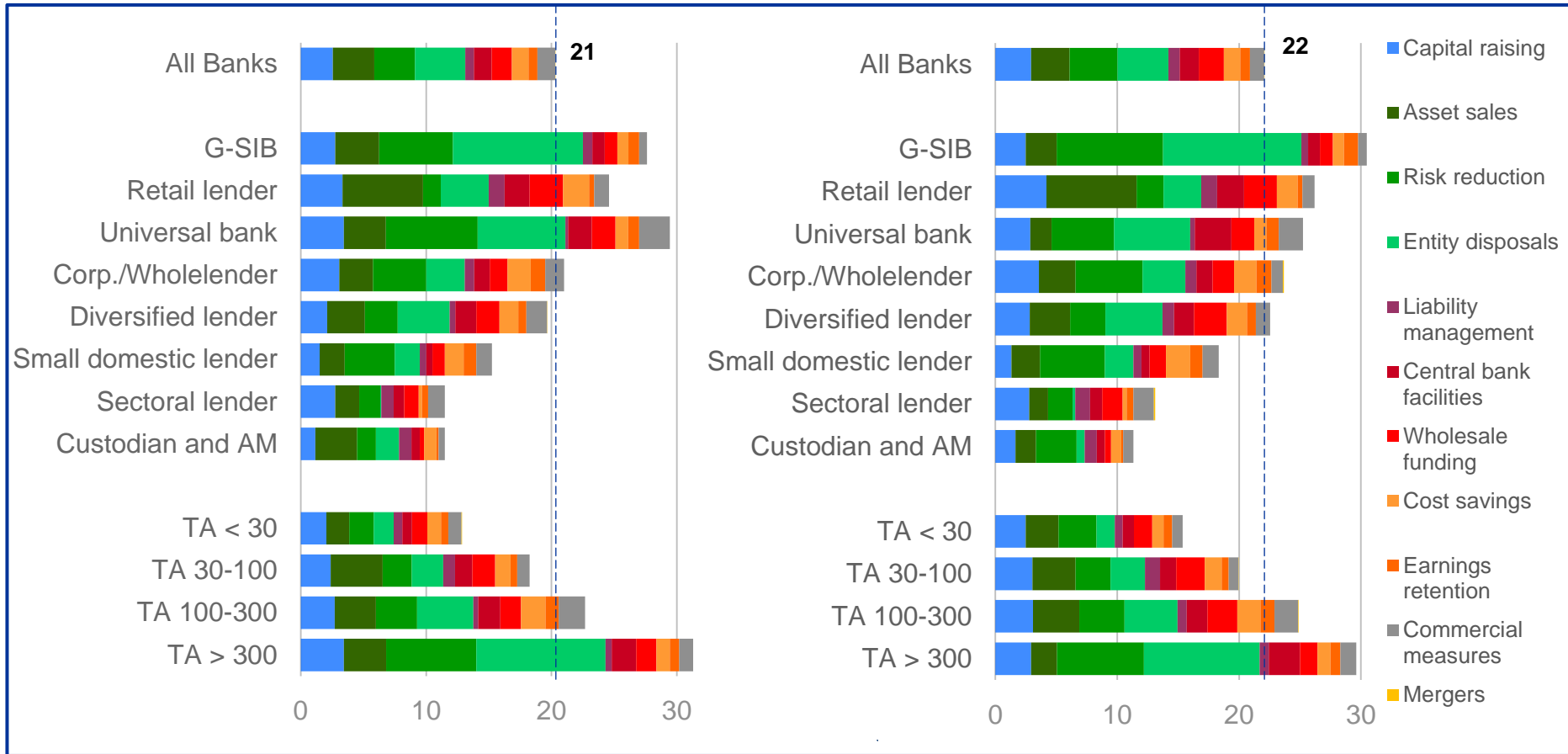
Peer groups are ordered by distance of indicator to P1+P2R (lowest to highest).

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4. Options

Number of options by type and peer group. Banks react to feedback and ECB report. On average, 5% more options compared to last year



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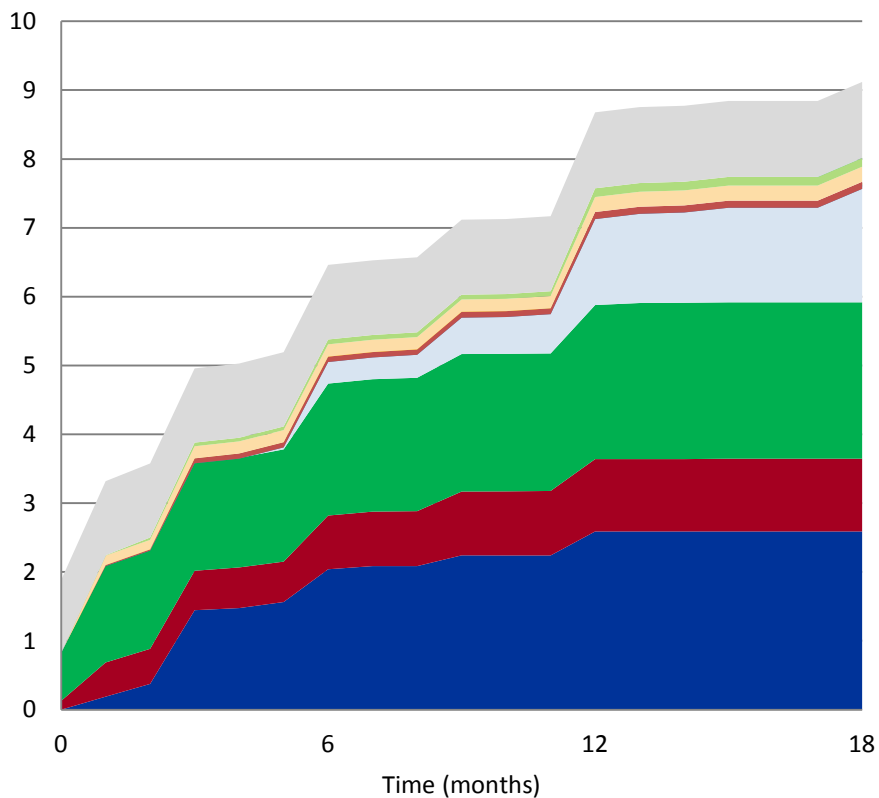
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5. Overall recovery capacity

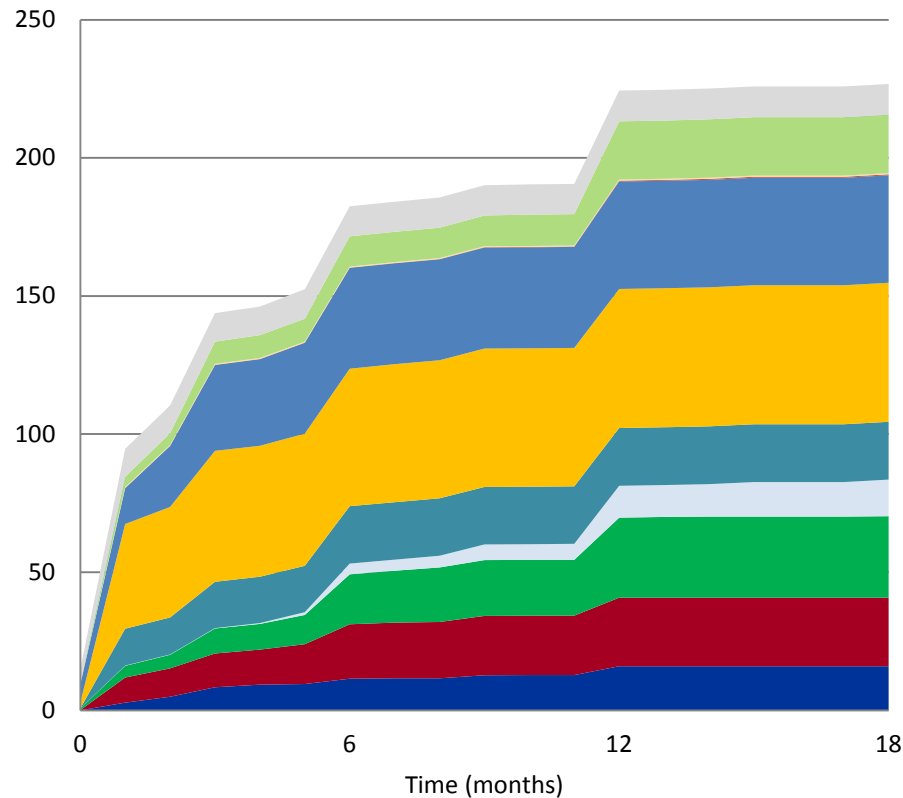
Banks have reduced their overall recovery capacity figures compared to last year, but numbers are still rather high

- Capital raising
- Asset sales
- Risk reduction
- Entity disposals
- Liability management
- Central bank facilities
- Wholesale funding
- Cost savings
- Earnings retention
- Commercial measures
- Mergers
- Other Options

CET1R



LCR



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Key focus points of ECB work in 2020

- 1** Increase usability of plans in crisis situations
- 2** Ensure that banks can react to fast moving liquidity events / cyber scenarios
- 3** Achieve a more realistic view on institutions overall recovery capacity i.e. their resilience in crisis situations
- 4** Working on integration of ORC into SREP in line with revised EBA Guidelines
- 5** Explore the topic of Intra Group Financial Support Agreements