Scenario analysis: effects of a subdued economic recovery over three years

Table 2.2.3

%, as at Q1 2021

Impact on German banks and their lending

	Effects of the scenario	
Scenario metric	with use of buffers	without use of buffers
Starting situation		
Capital reserves[1] (% of RWAs[2])	7.3	
Capital depletion		
Change in RWAs	+5.5	
Change in CET1 capital (% of RWAs[2])	−1.8	
Increase in credit risk, non-financial corporations	−1.3	
Increase in credit risk, residential real estate	−0.1	
Increase in market risk	−0.5	
Capital reserves after stress (% of RWAs)	5.2	
Deleveraging		
Change in RWAs	−0.3	−1.3
Capital reserves after deleveraging (% of RWAs)	5.2	5.3
Reduction in lending		
Change in lending to non-financial corporations[3]	−0.5	−2.1

Detailed results for market risk module for banks, insurers and investment funds

Scenario metric	Changes
Banks – first-round effect	
Banking book at market values	−3.3
Banking book at book values	−1.0
Banking book (% of RWAs[2])	−0.4
Trading book (% of RWAs[2])	−0.1
Insurers – first-round effect	
Securities portfolio at market values	−7.9
Securities portfolio (% of own funds)	−16.1
Liabilities (% of own funds)	1.9
Investment funds – first and second-round effects	
Securities portfolio at market values – first-round effect	−10.4
Net asset value – first-round effect	−9.8
Securities portfolio at market values – second-round effect	−2.7
Net asset value – second-round effect[4]	−2.5

1 Capital reserves: CET1 capital from macroprudential buffers and surplus capital. 2 In this context, risk-weighted assets (RWAs) prior to capital depletion. 3 Relative to total loans to non-financial corporations in the respective scenario. 4 Corresponds to the "aggregate vulnerability" metric for the fund sector, i.e. sum of second-round losses of all funds relative to the fund sector's aggregate net asset value before the shock; see D. Fricke and H. Wilke (2020), Connected Funds, Deutsche Bundesbank Discussion Paper No 48/2020 and Deutsche Bundesbank (2019), Financial Stability Review.

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