Scenario analysis: effects of a severe macro-financial downturn within one year

Table 2.2.4

%, 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	+11.8	
Change in CET1 capital (% of RWAs[2])	−1.7	
Increase in credit risk, non-financial corporations	−0.7	
Increase in credit risk, residential real estate	−0.2	
Increase in market risk	−0.8	
Capital reserves after stress (% of RWAs)	4.7	
Deleveraging		
Change in RWAs	−0.5	−3.7
Capital reserves after deleveraging (% of RWAs)	4.8	5.3
Reduction in lending		
Change in lending to non-financial corporations[3]	−0.4	−6.0

Detailed results for market risk module for banks, insurers and investment funds	
Scenario metric	Changes
Banks – first-round effect	
Banking book at market values	−4.9
Banking book at book values	−1.7
Banking book (% of RWAs[2])	−0.7
Trading book (% of RWAs[2])	−0.1
Insurers – first-round effect	
Securities portfolio at market values	−11.5
Securities portfolio (% of own funds)	−23.5
Liabilities (% of own funds)	0.0
Investment funds – first and second-round effects	
Securities portfolio at market values – first-round effect	−11.4
Net asset value – first-round effect	−10.7
Securities portfolio at market values – second-round effect	−3.3
Net asset value – second-round effect[4]	−3.1

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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