

Eligibility and use of collateral - some recent trends

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EUROPEAN CENTRAL BANK

Temporary expansion of eligible collateral (recalled)

Additional assets eligible since October/November 2008 (until 3 | December 2009):

- Marketable debt instruments in USD, JPY, GBP issued by EEA issuers.
- Marketable and non-marketable assets with a credit threshold below A-, but at least BBB- (exception: threshold for ABS still A-)
- Debt instruments issued by credit institutions and traded on acceptable non-regulated markets
- Subordinated debt instruments with acceptable guarantee according to the GD

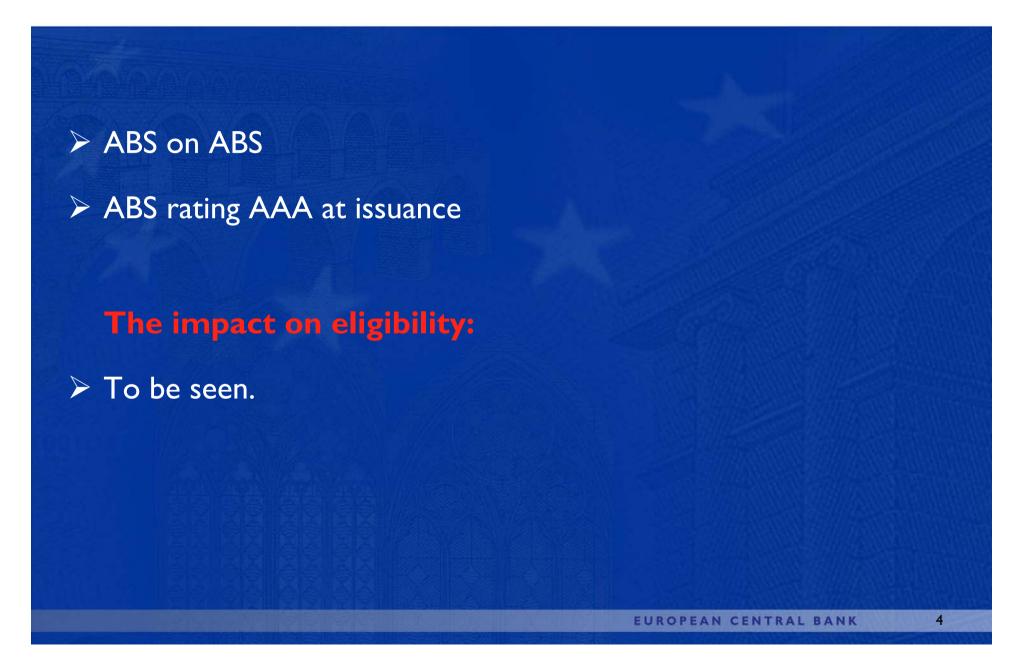
Temporary expansion of eligible collateral (recalled)

The impact on eligibility:

- The (nominal) value of eligible marketable collateral increased from about EUR 10 trillion in September 08 to EUR 11 trillion in November 08, i.e. by about 10%.
- > It increased further to EUR 12 trillion in February 09.

➤ Value of (eligible) non-marketable assets increased significantly due to the lowering of the credit threshold to BBB-.

Adjustments to eligibility of ABS



Trends in use of collateral

The value of total collateral used with Eurosystem increased strongly when the full allotment policy (and the temporary expansion of collateral) was introduced — by similar rates as outstanding credit from Eurosystem

Trends in use of collateral

- In last four weeks value of collateral in use decreased significantly (in particular ABS, uncovered bank bonds and government bonds)
 - reduction in outstanding credit from Eurosystem (re-widening of facility corridor)
 - higher haircuts (ABS, bank bonds) as of I February reduce market value after haircut
 - ABS cannot be used anymore by currency hedge counterparty and significant liquidity provider