Methodology and analytical options for the expanded statistics on banking groups' securities holdings

The statistics on holdings of securities by reporting banking groups were expanded in 2018. For the first time, they provide a granular insight into the risk structure of the securities held by significant banking groups in their own portfolios. Thus, risk concentrations can be identified at an early stage. All 113 significant banking groups in the euro area directly supervised by the European Central Bank (ECB) – 21 of which are domiciled in Germany – report their own holdings of securities held domestically and abroad as well as additional risk-related attributes.

Together, the 21 significant German banking groups hold securities (debt securities, equities, investment fund shares) with a market value of €610 billion in their own portfolios (as at September 2020). The majority of these are long-term debt securities (85%). A large portion of the total portfolio of securities (74%) is held by group entities domiciled in Germany.

The regional breakdown shows that the country risk of the securities held by significant German banking groups is broadly diversified across the issuers' countries of domicile. Those issuers are roughly split into thirds between Germany (36%), other European Union (EU) countries (37%) and countries outside the EU (27%).

The 21 significant German banking groups predominantly hold unencumbered securities, which are securities that can be sold or used for other purposes, such as central bank refinancing, at any time without restrictions. The quality of the own holdings of securities, measured by the probability of default of the issuer, is largely equivalent to investment grade.

During the COVID-19 pandemic, the share of short-term debt securities and securities with a lower risk weight held by significant German banking groups has increased perceptibly.

Introduction

Risk-related information for each security is available in the expanded group statistics

The expanded statistics on holdings of securities by reporting banking groups (referred to as "banking group statistics" in the remainder of this article) for the first time capture the global own holdings of securities of significant banking groups as well as additional information on risk-related attributes of those holdings. This article begins by outlining the statistical methodology for collecting the data. The results are then presented in three sections: an analysis of the global own holdings of securities of significant German banking groups,[1] an evaluation of the risk exposure of these holdings, and a description of how both aspects evolved as the COVID-19 pandemic began.

Data collected and purpose of the expanded banking group statistics

Banking group statistics focus on banking groups and their global own holdings of securities

The banking group statistics capture the global own holdings of securities of significant banking groups on a security-by-security basis. To this end, the respective head of the group reports information on the securities held by group entities in their own portfolios (debt securities, equities and investment fund shares).[2] Thus, the focus is on the banking group as a single unit comprising the head of the group as well as all of its domestic and foreign subsidiaries and branches. The Bundesbank collects information from all significant banking groups domiciled in Germany on a monthly basis. These data constitute Germany's contribution to the ESCB's Securities Holdings Statistics Database (SHSDB) for the euro area.

All 113 significant euro area banking groups report data

The banking group statistics, introduced in December 2013, were expanded in September 2018 in terms of both the number of reporting agents and the information to be reported.[3] Since September 2018, all banking groups directly supervised by the ECB – currently 113 in the euro area (of which 21 are domiciled in Germany) – have been subject to reporting requirements for the banking group statistics. The actual reporting population is reviewed annually by the Governing Council of the ECB and adjusted if necessary.[4] The relevant criteria for being assigned "significant" status include size, economic importance, level of cross-border activities, and whether direct financial support has been provided by the European Stability Mechanism (ESM) or the European Financial Stability Facility (EFSF).[5]

Data collection includes risk-related information on securities – for an array of uses

In addition, the statistics now also collect risk-related attributes so as to better capture the importance of banking groups and their stability for the financial sector and the real economy. Another reason behind this is that the areas of financial stability, monetary policy, risk

1 In this article, the term "significant German banking groups" corresponds to the banking groups domiciled in Germany which have been classified as significant by the ECB and are therefore subject to its direct supervision.
2 A banking group within the meaning of these statistics comprises the head of the group, i.e. a credit institution or a financial holding company, as well as all associated financial subsidiaries and branches which do not constitute insurance corporations. The basis of consolidation was determined in line with prudential supervisory regulations (see Directive 2006/48/EC). The reported data are broken down by the individual group members, with each legally independent financial subsidiary presented individually with its country of domicile, and with legally dependent branches grouped by country of domicile.
3 The legal basis for the collection of banking group statistics is Regulation (EU) 2016/1384 of the European Central Bank of 2 August 2016 amending Regulation (EU) No 1011/2012 (ECB/2012/24) concerning statistics on holdings of securities (ECB/2016/22), published in the Official Journal of the European Union (OJ, L 222, p. 85) on 17 August 2016.
4 The ECB provides the current list of significant euro area banking groups on its website: https://www.bankingsupervision.europa.eu/banking/list/who/html/index.en.html
5 To qualify as significant, banks must fulfil at least one of these criteria:
– the total value of its assets exceeds €30 billion;
– economic importance for the specific country or the EU economy as a whole;
– the total value of its assets exceeds €5 billion and the ratio of its cross-border assets/liabilities in more than one other participating Member State to its total assets/liabilities is above 20%;
– it has requested or received funding from the European Stability Mechanism or the European Financial Stability Facility.
A supervised bank can also be considered significant if it is one of the three most significant banks established in a particular country.

management and banking supervision needed more information for the following tasks:

– expansion/enhancement of the pool of data for stress tests;

– early warning indicators;

– study of the transmission mechanism of monetary policy;

– portfolio analysis of securities holdings;

– identification of risks in the financial system and of significant cross-border risk concentrations;

– business model analysis.

The original attributes of securities holdings

These issues could not be fully covered by the attributes collected in the original banking group statistics, as only holding amounts were collected prior to the expansion.

Using the international securities identification number (ISIN), reference data on the individual securities are added from the Centralised Securities Database (CSDB)[6] and do not have to be reported by the reporting agent.[7]

The additional risk-related attributes

In line with the new user requirements, the attributes shown in the adjacent overview, which focus on assessing the risk of the issuer or the security, were introduced as of September 2018.[8]

6 The CSDB is a standardised master and reference database based on individual ISINs. It contains security-by-security information on the security itself, the issuer and the price. For more information, see European Central Bank (2010).
7 For securities with no ISIN, the reporting agent must provide reference data (e.g. information on the security type, price, interest rate and issuer) for each security.
8 For a comprehensive description of all attributes in the banking group statistics, see Deutsche Bundesbank (2020b).

Overview of attributes in the statistics on banking groups

Original attributes prior to September 2018

Attributes per security:

- International Securities Identification Number (ISIN)
- Reporting basis
- Issuer is part of reporting group
- Name of group entity
- Country of domicile of group entity
- Holdings per group entity
- Further reference data for securities without an ISIN

Additional attributes since September 2018[1]

Accounting standard applied by group and each entity

Attributes per security at group level:

- Issuer is part of reporting group (since 2018, split between prudential and accounting scope of consolidation)
- Status of forbearance and renegotiation (+ date)
- Performing status of the instrument (+ date)
- Default status of the issuer (+ date)
- Default status of the instrument (+ date)
- Probability of default of the issuer
- Loss given default in downturns
- Loss given default in normal economic times
- Risk weight

Attributes per security at entity level:

- Carrying amount
- Type of impairment
- Impairment assessment method
- Accumulated impairment amount
- Source of encumbrance
- Accounting classification of instruments
- Prudential portfolio
- Accumulated changes in fair value due to credit risk
- Cumulative recoveries since default
- Exposure value (also referred to as exposure at default)
- Capital calculation approach for prudential purposes
- Exposure class

1 Listed here are attributes for securities with an official ISIN. Additional attributes are collected for securities with an internal securities identification number.

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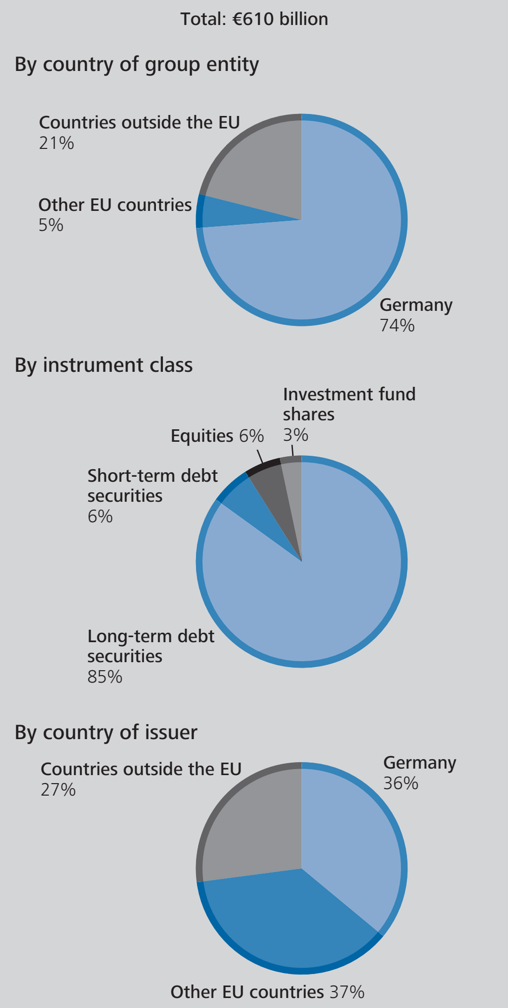
Own holdings of securities of significant German banking groups

As a percentage of the total volume (market value); holdings in September 2020



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Own holdings of securities of significant German banking groups in the banking group statistics

Significant German banking groups hold €610 billion worth of securities – 74% of which in Germany

The 21 significant banking groups domiciled in Germany which are required to report to the banking group statistics hold securities with a combined total market value[9] of €610 billion in their global own portfolios.[10] Of this amount, €450 billion (74% of the total volume) is held by group entities domiciled in Germany. This means that the share of securities held by significant banking groups in Germany equates to roughly 34% of the own holdings of securities of all financial institutions domiciled in Germany.[11]

Securities worth €160 billion held in group entities outside Germany

Data from the banking group statistics can be used to analyse the own holdings of securities of significant German banking groups at a more granular level and to divide them into different categories. With the methodology used to collect data for the banking group statistics, it is possible to determine the countries in which significant banking groups hold individual securities. In total, the significant German banking groups hold securities worth €160 billion (26% of the total volume) in their group entities domiciled outside Germany. The largest shares are held in the United Kingdom, the United States, Luxembourg, Poland and Singapore. The remaining own holdings of securities are spread across 31 other countries. By capturing securities held abroad, the banking group statistics thus provide a global picture of the groups' own holdings of securities.

Significant German banking groups mainly hold long-term debt securities

The securities held in the group-wide own portfolio can also be broken down by instrument class using the CSDB. Measured in terms of the total volume, significant German banking groups predominantly hold long-term debt securities (85%). By contrast, short-term debt securities (6%), equities (6%) and investment fund shares (3%) make up a comparatively small share.

9 The market value is generally used for comparisons, as this allows for a more up-to-date evaluation. The banking group statistics also provide information on the carrying amount and nominal value. Portfolios can be broken down into banking book and trading book holdings.
10 At the time this report went to press, quality-assured data from September 2020 were available, so this is chosen as the reference period below.
11 The volume of securities held in Germany in the own portfolios of all financial institutions domiciled in Germany comes to a market value of around €1,321 billion. This information can be obtained from the sectoral statistics of the Securities Holdings Statistics, for which all banks domiciled in Germany report their own holdings of securities held in Germany to the Bundesbank. For an overview of the sectoral statistics of the Securities Holdings Statistics, see Deutsche Bundesbank (2015).

Own holdings of securities mainly issued by enterprises

A breakdown of the own holdings of securities by issuer sector shows that 38% of the volume of securities held were issued by general government.[12] The remaining 62% are spread across deposit-taking corporations (36%), financial corporations[13] (excluding deposit-taking corporations) (20%), and non-financial corporations (5%).

36% of the own holdings of securities were from issuers domiciled in Germany

When analysing the country risk of the own holdings of securities, one relevant factor is the regional distribution of the issuers' countries of domicile. The group-wide own holdings of securities were split roughly into thirds between issuers domiciled in Germany (36%), in other EU countries[14] (37%) and in countries outside the EU (27%) – see the chart on p. 50. Besides Germany itself, the issuers' countries of domicile accounting for the largest shares are the United States (10%), France (6%), Luxembourg (6%) and the United Kingdom (5%).

Group entities inside and outside Germany hold own portfolios of securities with different country risk

Microprudential and macroprudential risk analysis raises the question of whether significant German banking groups hold different securities portfolios in Germany and in their group entities domiciled outside Germany. It is evident that there are, in particular, differences in the regional distribution of issuers of the securities held. For instance, significant German banking groups predominantly hold securities from issuers domiciled in Germany (45%) or in the other EU countries (39%) in group entities domiciled in Germany. By contrast, group entities domiciled outside Germany mainly hold securities from issuers located in countries outside the EU (59%).

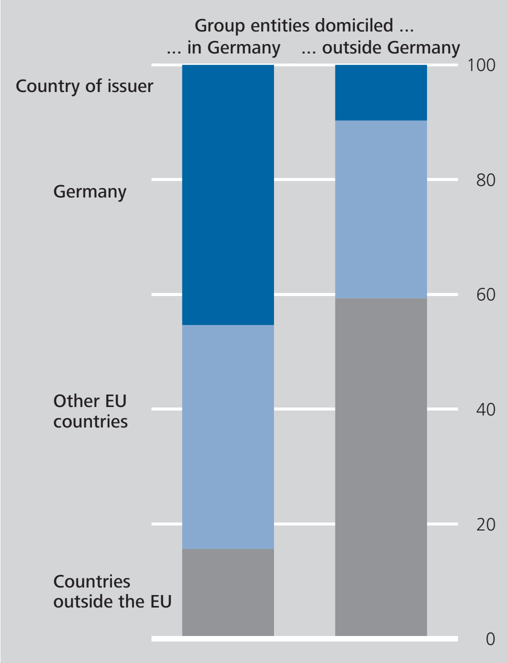
In each case, long-term debt securities make up the lion's share of the securities held in the group entities domiciled both inside and outside Germany.

The significant banking groups domiciled in Germany predominantly hold long-term debt securities in their own portfolios and largely hold these securities in Germany. Using SHSDB data on all significant banking groups in the euro area (113 banking groups), it is possible to determine the volumes of German banking groups in proportion to significant banking groups in the rest of the euro area. Overall, all significant banking groups in the euro area have own holdings of securities with a total market value of €4,533 billion.[15] The significant French banking groups account for the largest share, at 29%. The significant banking groups domiciled in Germany have the fourth largest

Significant German banking groups hold 13% of the total volume of securities held by all significant banking groups in the euro area

Own holdings of securities of significant German banking groups in Germany and abroad by country of issuer

As a percentage of the total volume (market value); holdings in September 2020



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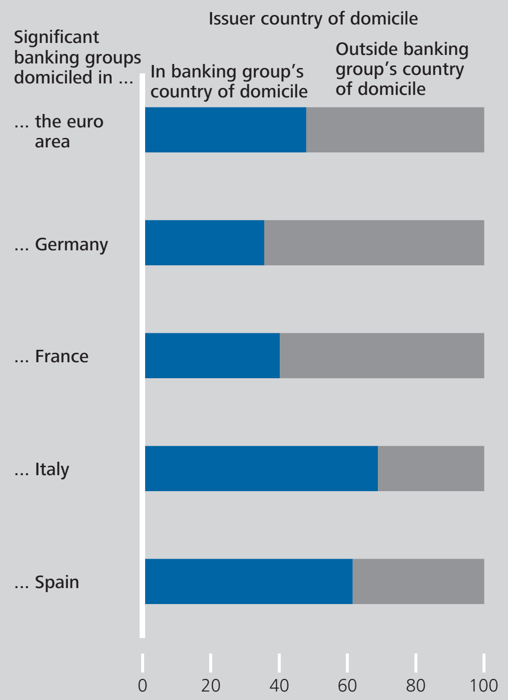
12 The 38% government share is divided into central government (25%), state government (11%), local government (1%) and social security funds (less than 1%). This subdivision corresponds to the general government sector (S.13) of ESA 2010.
13 The financial corporations sector (S.12) comprises corporations and quasi-corporations principally engaged in financial intermediation and/or auxiliary financial activities.
14 This includes securities issued by EU Member States and enterprises based in the respective EU countries, as well as issuance by European institutions (e.g. the European Investment Bank and the European Commission).
15 At the time this report went to press, quality-assured data for the euro area from September 2020 were available, so this is chosen as the reference period here, too.

Own holdings of securities of significant euro area banking groups

As a percentage of the total volume in each case (market value); holdings in September 2020



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share, at around 13%, after Spain (17%) and Italy (17%).

Different proportions of own holdings of securities issued in the home country

A comparison between significant German banking groups and all significant banking groups in the euro area reveals that, at 36%, German banking groups hold fewer securities from issuers located in their home country than the euro area average of all banking groups (48%). There is a clear difference between the four countries with the largest own holdings of securities (France, Italy, Spain and Germany) when it comes to whether there is a preference for securities issued in their home country. Significant German banks hold a comparatively large share of securities not issued in their home country (64%). By contrast, in the case of significant banking groups in Spain and Italy, the share of own holdings of home-issued securities is higher – at 62% and 69% respectively – than the euro area average of 48%. Furthermore, as a proportion of their total own holdings, significant Italian banking groups hold a smaller share of securities from issuers outside their home country than the euro area overall, at 31% compared with 52%.

Selected risk attributes covered by the banking group statistics

Additional attributes provide new possibilities for analysis

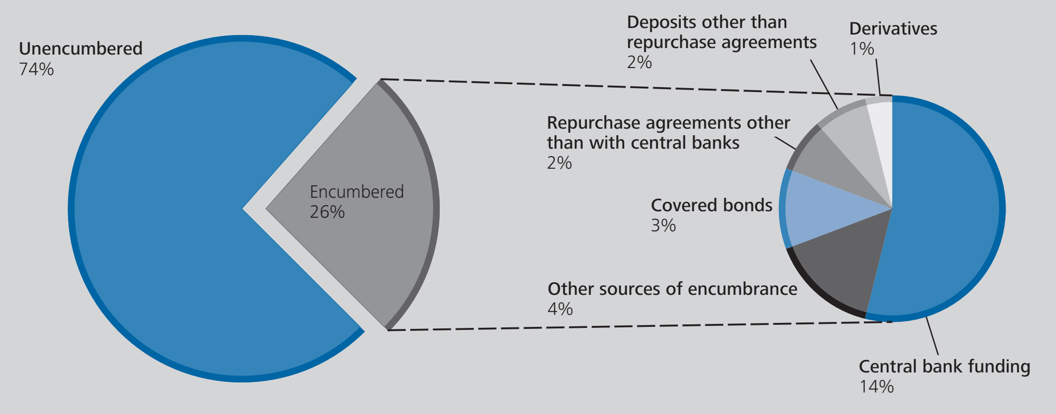
As well as allowing for analysis of global own holdings, the expanded banking group statistics – augmented to incorporate risk-related attributes in 2018 – permit an evaluation of the risk embedded in banking groups' own portfolios. This broad range of risk-related information is reported monthly by the banking groups in addition to the holding amounts and is of relevance for microprudential and macroprudential issues. First, enhanced data on the issuer and instrument provide information about economic loss events (e.g. an instrument or issuer default). The same is true of the performing status of the instrument, which is used to identify distressed assets. Second, the new attributes take into account hypothetical developments in the economic setting (e.g. the loss given default in normal economic times or in the event of a crisis), which can be used to conduct risk analyses. The risks emanating from the issuer of the securities play a crucial role here. Taken together, this allows for a comprehensive picture of the risk to the banking group stemming from its own holdings of securities. Wherever possible, the newly added attributes closely interlink the reporting requirements with the legal bases for banking supervision. A selection of the additional attributes are presented below by way of example.

The source of encumbrance[16] indicates whether an asset is regarded as encumbered or tied up,

16 For the purposes of the group statistics, the source of encumbrance is defined in line with Annexes XVI and XVII to Regulation (EU) No 680/2014 (Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council).

Own holdings of securities of significant German banking groups and their sources of encumbrance

As a percentage of total volume (market value); holdings in September 2020



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Source of encumbrance is a feature for assessing risk

preventing it from being freely available at any time to the banking group. This is always the case if the asset (in the context of the banking group statistics, the security) is pledged or lent, or is being used to collateralise potential obligations arising from derivatives transactions or for the purposes of credit enhancement in balance sheet or off-balance-sheet transactions. If the enterprise runs into crisis, constraints apply to the sale of any encumbered securities. By looking at the degree to which assets are encumbered, it is possible to derive an assessment of the bank's solvency in the event of asset default.

Significant German banking groups hold predominantly unencumbered own holdings of securities

Looking at all own holdings of securities for which the source of encumbrance attribute was reported by the significant German banking groups, the majority of these holdings are unencumbered (74%).[17] The encumbered portion of securities is mainly utilised for central bank funding (14%), issuance of covered bonds (3%) or for repurchase transactions (2%).

Risk weight as a core element of the risk position

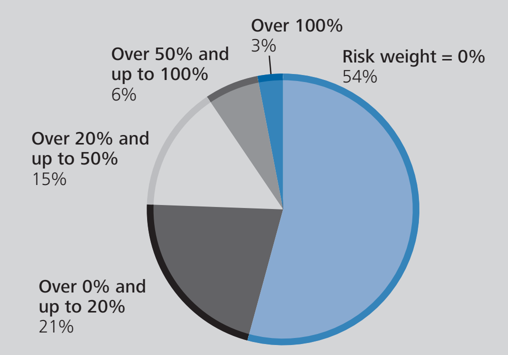
Another important risk-related attribute in the banking group statistics is the risk weight.[18] The size of the risk weight is based on the provisions contained in the Capital Requirements Regulation (CRR).[19] The risk weight plays a role in determining the applicable regulatory capital requirements under the CRR, that is to say the amount of own funds that banking groups must hold in reserve to back banking business subject to credit risk in the banking book. For example, in the case of debt securities, issuer insolvency gives rise to credit risk. There may be a relationship between the risk weight and the rating assigned to the issuer by rating agencies. There are two different approaches that may be applied to calculate the capital required to cover credit risk, namely the credit risk standardised approach (CRSA) and the internal ratings-based (IRB) approach.

The banking group statistics can be used to analyse the distribution of the risk weights

17 The source of encumbrance attribute does not need to be reported when the issuer is part of the same reporting group as the holder (prudential consolidation group) or for "pure" short positions (i.e. items for which no positive amount is held and recorded on the assets side of the balance sheet). This means that no source of encumbrance was reported for €37 billion worth of securities (6% of the total volume). The percentages cited are based only on those securities for which a source of encumbrance has been reported.
18 Risk weight does not need to be reported when the issuer is part of the same reporting group as the holder, nor is it required in the case of off-balance-sheet holdings, items deducted from capital and "pure" short positions (i.e. items for which no positive amount is held and recorded on the assets side of the balance sheet).
19 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 646/2012. For the rules relating to risk weights see Part Three, Title II, Chapter 2, Section 2.

Risk weights of own holdings of securities of significant German banking groups

As a percentage of the total volume in the banking book (market value); holdings in September 2020



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Significant German banking groups' own holdings of securities mostly have a low risk weight

attached to the own holdings of securities in the banking book of significant German banking groups.[20] More than half of the total volume of securities held in the banking book (54%; €245 billion) have a risk weight of 0%. A further 21% have a risk weight of between 0% and 20%.

The volume-weighted average of the risk weight across all significant banking groups is 25%. However, it differs widely from group to group. Accordingly, there is also variation between the banking groups in terms of the average regulatory capital required under the CRR for the securities portion of their assets. In summary, it can be said that, overall, significant banking groups domiciled in Germany mostly have own holdings of securities with a risk weight towards the lower end of the scale.

Probability of default of issuer a further risk indicator

An additional indicator that may be used to analyse risk is the probability of default of the issuer.[21] This refers to the risk of the issuer proving unable to meet a claim. In the case of securities, default risk stems most notably from an issuer's inability to service its bonds, for example as a result of liquidity difficulties or bankruptcy.[22] Here, the reported probability of default means the forecast probability that the issuer of the security will default within a one-year horizon. Where the CRSA is used, the probability of default is calculated using external ratings; under the IRB approach, the probability of default is estimated by the banks themselves.

Vast majority of own holdings of securities have a reported probability of default of under 0.4%

For 88% of the own holdings of securities for which a probability of default has been reported, the probability of default of the issuer is 0.4% or less (see the chart on p. 55). In credit assessment terms, this corresponds to an external rating of at least BBB-, hence qualifying as investment grade.[23] 76% of the holdings for which a default probability has been reported have a probability of default of the issuer no higher than 0.1% (meaning that they have a rating of at least A- in credit assessment terms).

Default status of the issuer and of the instrument

The default status of the issuer and of the instrument[24] provide information on securities and issuers that are assessed negatively when

20 The significant German banking groups have €453 billion in own holdings of securities in their banking book and €104 billion in their trading book. For a volume of €53 billion, no information on the prudential portfolio is available as this attribute does not need to be reported for all securities.
21 The probability of default is estimated according to the procedures laid down in the CRR.
22 It is only mandatory to report the probability of default attribute if this is required in accordance with the capital calculation approach for prudential purposes. In addition, the attribute need not be reported when the issuer is part of the same reporting group as the holder or for off-balance-sheet holdings, items deducted from capital and "pure" short positions. Overall, no probability of default has been reported for holdings with a market value totalling €143 billion (23% of the total volume of own holdings of securities). The percentages cited are based only on those securities for which a probability of default has been reported.
23 When performing credit assessments, the Bundesbank identifies two credit quality bands on the basis of the Eurosystem credit assessment framework. The first covers anything up to a forecast probability of default of 0.1%. The second band is for forecast probabilities of default between 0.1% and 0.4%. The first credit quality band encompasses credit quality steps 1 and 2 and is equivalent to a rating of at least "A-" from Fitch or Standard and Poor's (S&P) or "A3" from Moody's. The second band comprises credit quality step 3 and is equivalent to a rating of "BBB+ to BBB-" from Fitch or S&P or "Baa1 to Baa3" from Moody's. See Deutsche Bundesbank (2019) and European Central Bank (2015).
24 The reporting of these attributes follows the same criteria as the prudential reporting in accordance with Regulation (EU) No 575/2013.

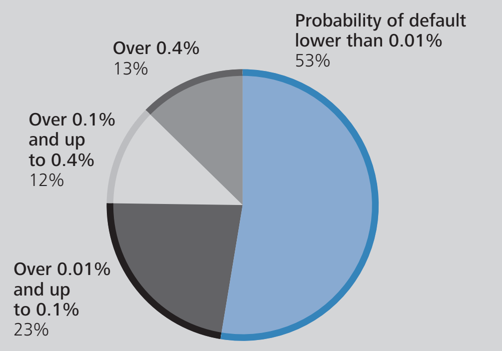
examining a banking group's risk exposure.[25] The own holdings of securities held by the significant banking groups domiciled in Germany were issued almost entirely by issuers who have not defaulted. The volume of securities reported as being distressed stands at just €909 million (0.1% of the total market value).

13% of the holdings are securities with an issuer belonging to the same reporting group

Information on intra-group issuance, where the issuer is part of the same reporting banking group as the holder, can be used to examine the financial links within the respective banking group. Around €80 billion worth (13%) of all own holdings of securities held by significant banking groups domiciled in Germany were issued by entities in the same group as the holder (prudential scope). The majority were long-term debt securities (€57 billion) and equities (€22 billion). This equates to 11% and 64%, respectively, of the total volume of securities held in that instrument class. As a result, if securities issued intra-group are excluded when looking at the instrument classes held by the significant German banking groups, the proportion of the total portfolio accounted for by equities shrinks from 6% to 2%, while the percentage accounted for by other instrument classes sees a slight increase.

Own holdings of securities of significant German banking groups and probabilities of issuer default

As a percentage of total volume (market value); holdings in September 2020



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Conclusion

The banking group statistics underwent significant expansion in 2018. All 113 significant banking groups in the euro area directly supervised by the ECB – 21 of which are domiciled in Germany – report their own holdings of securities held domestically and abroad as well as additional risk-related attributes. This makes it possible to break down securities positions in a variety of ways – by instrument class, the issuers' countries of domicile, the group entity holding the position and a range of risk attributes, for instance. The statistics thus open up a broad array of new possibilities for granular analysis, for example with regard to the risk structure of the securities portfolios of significant banking groups and the changes that they undergo (for example in response to the COVID-19 pandemic).

25 Since reporting of these attributes is not mandatory for all securities, no default status of the issuer and of the instrument has been reported for just under 17% of the total volume in market value terms (€103 billion). This exemption from reporting applies where the issuer is part of the same reporting group as the holder as well as to off-balance-sheet items, "pure" short positions, financial assets held for trading, and equities and investment fund shares.

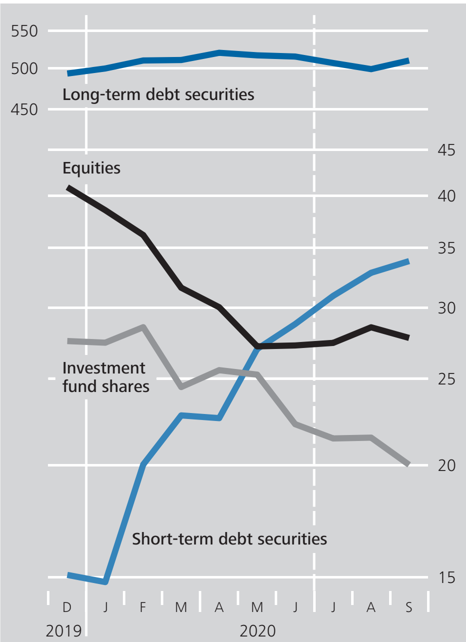
Trends in group data in recent times of crisis

The COVID-19 pandemic has been dominating social life and real economic activity across the globe since the beginning of 2020. The dynamic evolution of the pandemic has led to high volatility in the financial markets. For instance, up until March 2020 the DAX stock price index, which comprises Germany's 30 largest public limited enterprises, temporarily lost as much as 35% of its value compared to year-end 2019. However, it subsequently rallied quickly to recoup large portions of its losses, which meant that, by the end of the second quarter, it had returned to around 90% of its 2019 year-end mark.

The statistics on banking groups can be used to take a detailed look at Germany's significant banking groups.[1] Upon the outbreak of the pandemic in early 2020, the market value of the total volume of own holdings of debt securities rose. The volume of short-term debt securities, in particular, more than doubled by July 2020 and even continued its rise thereafter. This also reflects German banks facing an elevated need for liquidity upon the onset of the COVID-19 pandemic.[2] On the whole, up until September 2020 own holdings of short-term debt securities had increased by 124%. The volume of long-term debt securities, on the other hand, went back down after April 2020.[3]

Own holdings of securities of significant German banking groups by instrument class

€ billion, total volume (market value), log scale



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A countermovement of own holdings of equities and investment fund shares can be observed at the beginning of the pandemic. From end-2019 until June 2020, they fell by 33% and 19%, respectively, even though the DAX had recouped large portions of its losses in June 2020. In the third quarter of 2020, too, the volume of equities remained at the lower level and, for investment fund shares, fell even further.

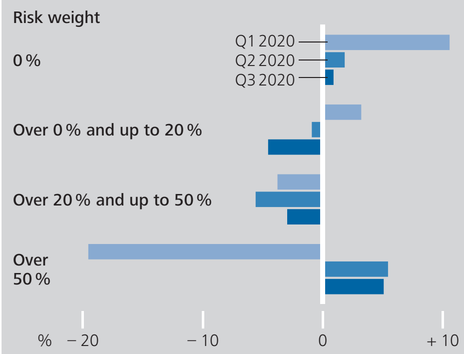
In respect of the quality, measured in terms of risk weights, of own holdings of securities, a strong increase in the volume of securities with a 0% risk weight can be detected between end-2019 and end-March 2020. By contrast, the volume of securities with a high risk weight fell over the same period.

1 In order to avoid changing the set of underlying data, the evaluations in this chapter refer to those 17 significant German banking groups which were continuously subject to reporting requirements between December 2019 and September 2020.
2 See Deutsche Bundesbank (2020a).
3 Changes in the volume of securities can be caused by changes in holdings or prices. The developments cited here show the overall effect. Since the banking group statistics contain holdings based on individual securities, changes in holdings and prices can also be identified separately for each individual security.

A detailed look at the banking group statistics shows that, in March 2020, roughly two-thirds of the decline in the volume of own holdings of securities with a risk weight greater than 50% was caused by a fall in the volume of equities and investment fund shares of this risk weight category. The overall result was that the average risk weight across the entire own holdings of securities of significant German banking groups dropped from a one-time figure of 31% to 25% in March 2020 and also remained at that new level until September 2020.[4]

Change in own holdings of securities of significant German banking groups by risk weight category

Quarterly percentage change in total volume (market value)



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In summary, the composition of the own holdings of securities of the significant German banking groups has changed since the outbreak of the COVID-19 pandemic. In autumn 2020, the significant German banking groups had, in particular, more short-term debt securities in their own holdings and a portfolio with an, on average, lower risk weight than as recently as the end of 2019.

4 The risk weight assessments in this section refer to all holdings in the banking group statistics (i.e. to non-trading book and trading book holdings) for which a risk weight has been reported.

List of references

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