

## Press release

20 December 2022

### ECB reviews its risk control framework for credit operations

- Haircut schedules for assets used as collateral in monetary policy operations to be updated with effect from 29 June 2023
- Measures aim to ensure adequate level of risk protection, improve consistency of framework and enhance risk equivalence of assets, while ensuring collateral availability
- Measures based on ECB's pre-pandemic risk tolerance levels for credit operations

The European Central Bank (ECB) today announced the results of the most recent review of its risk control framework for collateralised credit operations. On 24 March 2022 the Governing Council announced its [decision](#) to gradually phase out the pandemic collateral easing measures. The ECB also communicated that it would implement a new valuation haircut schedule for credit operations based on its pre-pandemic risk tolerance levels. Following the review, the ECB decided on several measures to improve the overall consistency of the risk control framework which will take effect from 29 June 2023. The measures include the following:

- Increase the valuation haircuts for marketable and non-marketable assets to return to the ECB's pre-pandemic risk tolerance level, based on an updated risk assessment.
- Re-assign debt instruments issued by the European Union (EU bonds) from haircut category II to haircut category I, the same as used for debt instruments issued by central governments. This reflects the higher liquidity of EU bonds as a result of issuances under the NextGenerationEU and Support to mitigate Unemployment Risk in an Emergency (SURE) instruments.
- Phase out the distinction between jumbo and other covered bonds, assigning all covered bonds and *multi-cédulas* to haircut category II.

- Set the haircuts for marketable assets with a floating coupon to be equal to those with a fixed coupon.
- Split the longest residual maturity category in the existing haircut schedule into three new categories.
- Replace the current flat 5% theoretical valuation markdown with a maturity-graduated markdown schedule, extending its application to all theoretically valued marketable assets except those falling under haircut category I.

The ECB regularly reviews the framework to ensure an adequate level of risk protection and to achieve risk equivalence across asset classes. Following the Governing Council's [July 2022 decision](#) to consider climate change risks when reviewing haircuts, from this review onwards the analysis also aims to ensure the resilience of the haircuts to climate-related financial risks. The present review did not find empirical evidence that necessitates amendments to the haircut schedule based on climate change considerations, as the updated haircut schedule is already sufficiently protective against climate-related financial risks.

The amendments to Guidelines ECB/2014/60, ECB/2015/35 and ECB/2014/31 reflecting the aforementioned measures will be made available on the ECB's website and will be published in all official EU languages in the Official Journal of the European Union in April 2023.

**For media queries, please contact [William Lelieveldt](#), tel.: +49 69 1344 7316.**

## Notes

- Information on haircut categories can be found [on the ECB's website](#), which will be updated when the Guidelines enter into effect.
- For more information about valuation haircuts for marketable assets in Eurosystem credit operations, see the corresponding [Explainer](#).

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