9 May 2018 Savings Banks Banks

S-Credit Basket once again breaks its own record

Second contribution date an immediate success upon launch

The current Sparkassen Credit Basket XIV (S-KB XIV 2017), the central pooling transaction for the Sparkassen-Finanzgruppe, reached a new record volume when a second contribution date was arranged for the first time this year. The 9 May launch date saw the volume of the pool rise from EUR 600.7 million to EUR 720.7 million.

For the first time, S-KB XIV provides Sparkassen with two dates (November 2017 and May 2018) that they can use to transfer their counterparty risks to the basket. This enables Sparkassen to benefit from even more flexibility in organising their lending activities to midcap companies since it halves the waiting period until hedging becomes effective. 39 of 83 Sparkassen that had previously contributed counterparty exposure on the first date in November have taken advantage of this possibility. This means that the second contribution date was a success from the very beginning.

In the scope of the credit basket, Sparkassen transfer their counterparty risks associated with large commercial credit exposures into a portfolio using credit derivatives and, in return, receive an equivalent proportion of the diversified portfolio. In this way, the burden resulting from any credit defaults, should they occur, is no longer borne by an individual Sparkasse but is instead shared among many institutions. This year, the transaction is once again being arranged by BayernLB, Helaba, HSH Nordbank, LBBW, NORD/LB and SaarLB, with support by the regional Sparkassen associations and the German Savings Bank and Giro Association (DSGV). BayernLB and Helaba are responsible for the administration of the credit basket.

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