

"The primary objective of the ECB's monetary policy is to maintain price stability. The ECB aims at inflation rates of below, but close to, 2% over the medium term."

Governing Council - executive board (6)		
Country	Hawk-o-meter	
Mario Draghi, President	IT	3
Vitor Constâncio, VP	PT	3
Peter Praet	BE	3
Benoit Coeure	FR	4
Jorg Asmussen	DE	5
Yves Mersch	LU	5
Governing Council (17)		
Country	H-o-m	
Patrick Honohan	IR	2
Jozef Makúch	SK	2
Christian Noyer	FR	2
Luis Maria Linde	ES	2
Josef Bonnici	MT	3
Luc Coene	BE	3
Carlos Costa	PT	3
Marko Kranjec	SI	3
Erkki Liikanen	FI	3
Ardo Hansson	EE	3
Panicos Demetriades	CY	3
George A. Provopoulos	GR	3
Ignazio Visco	IT	3
Klaas Knot	NL	4
Ewald Nowotny	AT	4
Jens Weidmann	DE	5

Policy tool		Description
Main refinancing/ repo rate		This is the official policy rate, the 1-week repo rate. It is the interest rate used to remunerate banks' current account holdings
Deposit rate		The rate at which banks place deposits overnight with the ECB. It is currently 75bp below policy rate
Marginal lending rate		The rate at which banks borrow on a collateralised basis overnight from the ECB. The marginal lending rate is currently 75bp above the policy rate
Open market operations		
Main refinancing operation (MRO)		MROs are 7-day refinancing operations held weekly against collateral. Currently conducted at a fixed rate (repo) and for full allotment*
Special term refinancing operation		STROs are held once a month and maturity length is one maintenance period. Currently conducted at a fixed rate (average repo) and for full allotment*
Long term refinancing operation (LTRO)		LTROs include 3-month (held monthly) operations as well as two 3-year operations (Dec-11 and Feb-12). Currently conducted at a fixed rate* (the average main refinancing rate over the life of the operation) and for full allotment
Unconventional/extraordinary measures		
FX swap facility		The National CBs (or ECB) buy (or sell) euro against another currency and at the same time sell (or buy) it back in a forward transaction. Major central banks introduced FX swap lines in Dec-07. In Sep-11, the ECB extended US dollar liquidity-providing operations up to Aug-12. The ECB will hold three 84-day USD refinancing operations over 2011 year end. The ECB also holds weekly 7-day USD operations. These are currently conducted at a fixed rate with full allotment. Large additional haircuts above normal collateral haircuts are applied (7-day: +12% 84-day: +20%)
Covered Bond Purchase Program (CBPP)		CBPP1 ran from July-09 to June-10 for €60bn. CBPP2 is running from Nov-11 to Oct-12 for €40bn. Purchases are distributed across primary and secondary markets
Securities Market Program (SMP)		SMP started in May-10 with the ECB buying Greek, Portuguese and Irish bonds. In Aug-11, the ECB extended the program to include Spain and Italy. Purchases are sterilised via 1-week term deposits (which are eligible for ECB repo operations) and are not limited to sovereign debt. In Aug-12, ECB announced buying of the front-end

* A measure introduced during the crisis.

Credit Suisse Contacts	
Christel Aranda-Hassel, Director	+44 20 7888 1383 christel.aranda-hassel@credit-suisse.com
Thushka Maharaj, VP	+44 20 7883 0211 thushka.maharaj@credit-suisse.com
Marion Pelata, Analyst	+44 20 7883 1333 marion.pelata@credit-suisse.com
11-Aug-12	
Document Source: ECB, the BLOOMBERG PROFESSIONAL™ service	

ECB Meeting Schedule			
	1st*	2nd	M P Days
Sep-12	6	20	28
Oct-12	4	18	35
Nov-12	8	22	28
Dec-12	6	20	35
Jan-13	10	24	28
Feb-13	7	21	28
Mar-13	7	21	28
Apr-13	4	18	28
May-13	2	16	35
Jun-13	6	20	28
Jul-13	4	18	28
Aug-13	1	35	
Sep-13	5	19	28
Oct-13	2	17	35
Nov-13	7	21	28
Dec-13	5	19	35

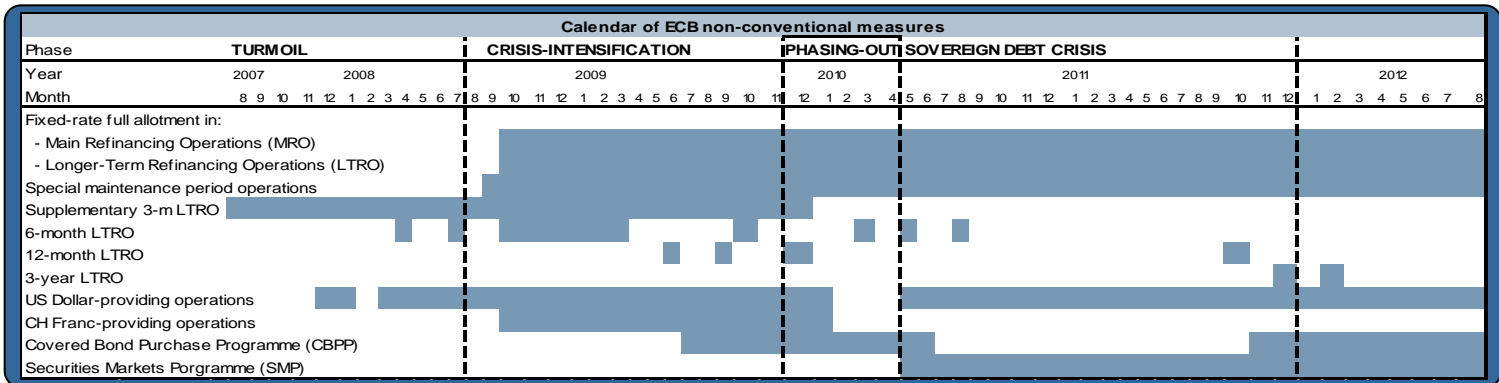
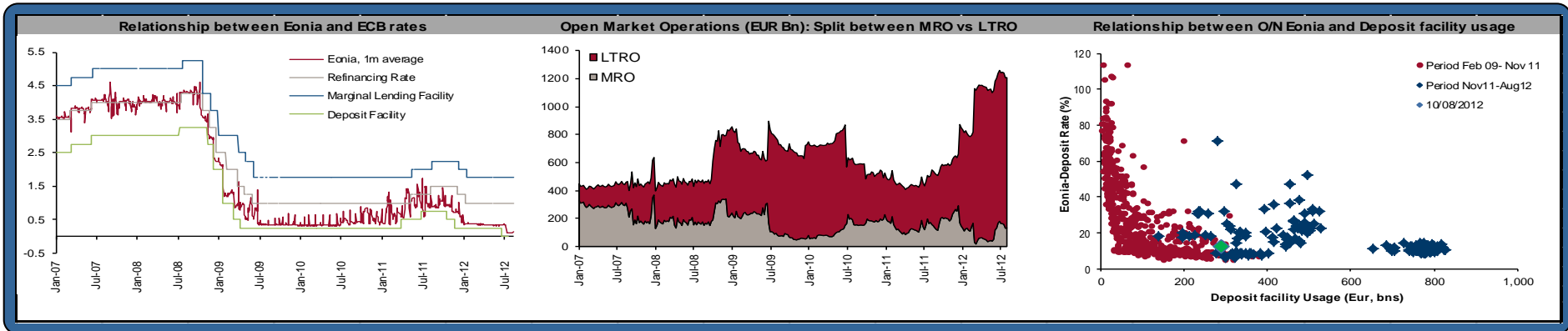
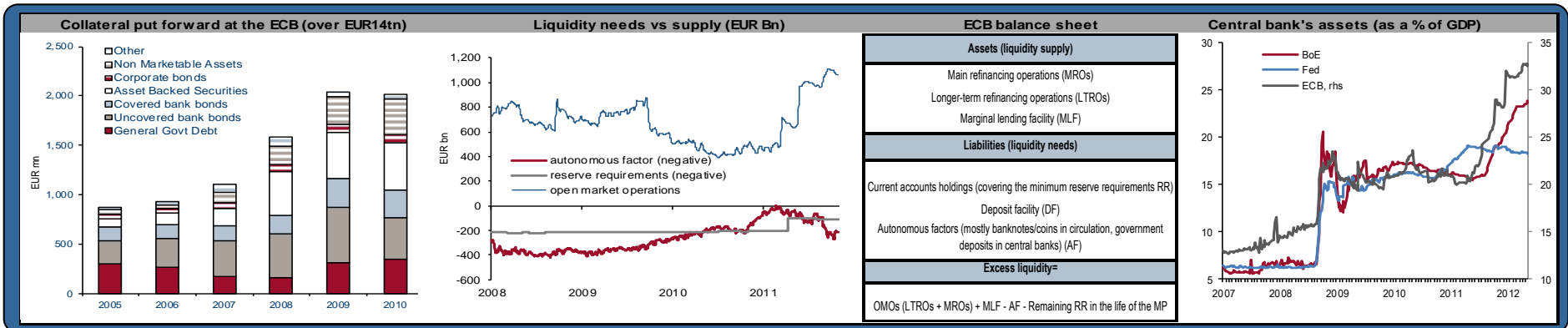
* Rate announcements

Country	Fitch	Moody's S&P	DBRS
Austria	AAA	Aaa	AA+
Belgium	AA	Aa3	AA
Cyprus	BB+	Ba3-	BB-
Estonia	A+	A1	AA-
Finland	AAA	Aaa	AAA
France	AAA	Aaa	AA+
Germany	AAA	Aaa	AAA
Greece	CCC	C	CCC
Ireland	BBB+	Ba1	BBB+
Italy	A-	Baa2	BBB+
Luxembourg	AAA	Aaa	AAA
Malta	A+	A3	A-
Netherlands	AAA	Aaa	AAA
Portugal	BB+	Ba3	BB
Slovakia	A+	A2	A
Slovenia	A-	Baa2	A
Spain	BBB	Baa3-	BBB+

Grey cell: negative outlook

Eligible assets for Eurosystem monetary policy operations			
Criteria	Marketable Assets	Non-marketable Assets	
Type of asset	ECB debt certificates, etc.	Credit claims	RMBDs (mortgage backed debt)
Credit standards	High credit standards defined using ECAF rules	ECAF	ECAF
Type of issuer	CBs, public/private sector, International and Supranational institutions	Public sector, Non-fin corporations, Int. and Sup. institutions	Credit institutions
Acceptable markets	Regulated and Non-Reg accepted by the ECB	N/A	N/A
Currency	Euro	Euro	Euro
Minimum size	N/A	EUR 500,000	N/A
Governing laws	Law of the EU member state	Law of EU member state	N/A
Place of Establishment	Issuer: EEA or G10 countries; Debtor and guarantor: EEA	Euro area	Euro area

Eligible assets for Eurosystem monetary policy operations																
Marketable assets											Harmonised Credit claims		Credit Claims ruled by NCBs			
Maturity (yrs)	CQS 1 & 2 (AAA to A-)										CQS 1 & 2		CQS1&2*			
	Category I		II		III		IV		V		Theoretical price by NCB	Outstanding amount by NCB	Maturity (yrs)			
	Fixed	Zero	Fixed	Zero	Fixed	Zero	Fixed	Zero	Fixed	Zero						
0-1	0.5	0.5	1.0	1.0	1.5	1.5	6.5	6.5	16.0		8	10.0	0-1	10.0		
1-3	1.5	1.5	2.5	2.5	3.0	3.0	8.5	9.0	16.0		11.5	17.5	1-3	17.5		
3-5	2.5	3.0	3.5	4.0	5.0	5.5	11.0	11.5	16.0		15	24.0	3-5	24.0		
5-7	3.0	3.5	4.5	5.0	6.5	7.5	12.5	13.5	16.0		17	29.0	5-7	29.0		
7-10	4.0	4.5	5.5	6.5	8.5	9.5	14.0	15.5	16.0		18.5	34.5	7-10	34.5		
>10	5.5	8.5	7.5	12.0	11.0	16.5	17.0	22.5	16.0		21	44.5	>10	44.5		
CQS 3 (BBB+ to BBB-)											RMBSCMBs		CQS 3		CQS3*	
0-1	5.5	5.5	6.0	6.0	8.0	8.0	15.0	15.0			15.5	17.5	0-1	17.5		
1-3	6.5	6.5	10.5	11.5	18.0	19.5	27.5	29.5			28	34.0	1-3	34.0		
3-5	7.5	8.0	15.5	17.0	25.5	28.0	36.5	39.5	26.0	32.0	37	46.0	3-5	46.0		
5-7	7.5	8.5	18.0	20.5	28.0	31.5	38.5	43.0			39	51.0	5-7	51.0		
7-10	9.0	9.5	19.5	22.5	29.0	33.5	39.0	44.5			39.5	55.5	7-10	55.5		
>10	10.5	13.5	20.0	29.0	29.5	38.0	39.5	46.0			41	64.5	>10	64.5		
Definition of the liquidity categories:													CQS4 (BB+ to BB-)*			
Category I: Central government debt instruments and debt instruments issued by central banks													0-1	42.0		
Category II: Local and regional gov debt instruments, Jumbo covered bonds, agency and suprabational debt instruments													1-3	62.0		
Category III: Traditional and structured covered bank bonds, multi-cédulas and debt instruments issued by corporate and other issuers													3-5	70.0		
Category IV: Credit institution debt instruments (uncovered): additional valuation markdown of 5%													5-7	78.0		
Category V: Asset-backed securities. Theoretically valued ABS are subject to an additional 5% valuation													7-10	78.0		
Suspension of the minimum credit rating threshold in the collective eligibility													>10	80.0		
0.5 Matrix haircut for European government bonds, except Cyprus, Greece, Portugal government bonds													CQS5 (< BB-)*			
5.5 Matrix haircut for Cyprus, Greece and Portugal Government bonds													0-1	54.0		
Credit Quality Steps (CQS)													1-3	70.0		
Marketable and non-marketable assets (including harmonised credit claims) are subject to the Eurosystem's harmonised rating scale.													3-5	78.0		
Newly eligible credit claims are subject to NCBs specific requirements.													5-7	83.0		
The Eurosystem considers a probability of default over a 1y horizon of:													7-10	84.0		
• 0.10% equivalent: CQS2 • 1.0% equivalent: CQS4													>10	85.0		
• 0.4% equivalent: CQS3 • 1.5% equivalent: CQS5																



Bloomberg Tools

- CSST CS Global OIS Directory
- CSOI CS Basis-Point Rate Priced
- ECB ECB Portal Page
- MMR Global Money Rate Monitors
- BTMM Bloomberg MM Monitor
- ISDA Swap fixings
- SLIQ Short Term Liquidity

ECB website

ECB Monetary Policy:
<http://www.ecb.int/mo/po/html/index.en.html>

Check eligibility of an asset:
https://mfi-assets.ecb.int/query_FA.htm