## 1. Secured Debt 2. Deposits Actual General DP Pari passu Bail-in Pari passu Bail-in General DP 150 -- 50 100 -- 40 50 -- 30 ٥ - 20 -50 -- 10 -100 L J 0 Investment Global Stressed U.S. retail Stressed U.S. retail Investment Global bank retail European bank<sup>1</sup> bank retail European bank bank bank bank bank 3. Senior Unsecured Debt 4. Subordinated Debt Actual General DP Actual Simulation 350 -- 900 Pari passu Bail-in - 800 300 -- 700 250-- 600 200-- 500 - 400 150-- 300 100-- 200 50. - 100 0 L 0 Investment Global Stressed U.S. retail Investment Global Stressed U.S. retail retail bank European bank bank retail European bank

## Figure 3.16. Simulation Results for Specific Banks (Yield to maturity for five-year debt; spreads over risk-free rate; basis points)

Sources: Bloomberg, L.P.; and IMF staff estimates.

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Note: DP = depositor preference. The pari passu case assumes that all deposits and senior unsecured debt are ranked equally. The general DP case assumes that all depositors (irrespective of sector or insurance coverage) will rank above senior unsecured debt. The bail-in case also assumes that all deposits are exempt from bail-in. Simulated deposit rates exclude effects from deposit insurance. Risk-free rates are proxied by five-year government bond yields for Germany (for euro-denominated debt) and the United States (for dollar-denominated debt). Actual yield to maturity corresponds to August 2013 and is computed as the weighted average of bonds issued in the currency most used by the bank and including all maturities. <sup>1</sup>No actual data are available.

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