

**European Benchmarking Exercise (EBE)
for Private Securitisations**
-
**Report of H1-2021 Results
(29 November 2021)**

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1. Executive Summary

- This report is part of the European Benchmarking Exercise, a market-led initiative organised by AFME, EDW and TSI
- Its purpose is further to enhance the quality and usefulness of disclosure in the private cash securitisation market, both ABCP and balance sheet financed, in the EU and UK, in order to assist market participants and reassure supervisors
- Synthetic securitisations and public ABS bonds are not in scope of this report
- This report provides, on a voluntary basis, aggregated transaction-level data gathered from 12 banks across 6 countries
- The overall market is estimated at least €189bn of total commitments; specific data received covers €63bn of commitments
- Private securitisations backed by Trade Receivables and Auto Loans or Leasing make up around 80% of the market, of which 39% and 80% respectively are funded through syndicated transactions
- Over 80% of private cash securitisations fund sellers in the EU, and over 70% directly fund real economy (non-financial) sectors of the economy
- As is usual, Trade Receivables contain certain concentrations of debtors, while Auto Loans or Leasing have more granular portfolios
- The majority of transactions were initiated after the Global Financial Crisis but before the entry into force of the Securitisation Regulation
- Of all transactions by volume, 84% were undertaken by sellers with ratings of BBB and below at inception, and the average seller rating was BBB. In contrast the average transaction rating is in the range A to AA. This shows that private cash securitisations provide a cost-effective means of financing especially for lower rated sellers.
- We expect this to be the first in a series of such reports, to be published regularly over time. All amounts are in EUR.

2. Background, Scope and Objectives:

Regulatory background: The European Securitisation Regulation (EU) 2017/2402 (“SECR”) came into force on 1st January 2019 and provides a very detailed and stringent regulatory framework. It has been acknowledged (including by the EBA) as being the global “gold standard”, and as a result securitisation is the first uniformly regulated financial product throughout the EU.

Disclosure & Transparency: Considering the far-reaching transparency and disclosure obligations (which have the force of law) under Article 7 of the SECR, securitisation is also the most transparent of fixed income financial products. The nature and scope of information to be provided by issuers and sponsor banks to investors are extensive, and provide a wide range of possible information to allow investors to undertake due diligence (also a legal requirement under the SECR) including proper analysis for investing in and monitoring securitisation transactions.

Private Securitisations: the majority of private cash securitisations comprise ABCP and private non-ABCP securitisations. Like public securitisations, they also must comply with the transparency requirements of Article 7 SECR. Financing banks, investors and supervisors receive all information in a standardised format in the same way as for public securitisations - but this information is not made available to the public.

European Benchmark Exercise (EBE): The EBE is a market-led initiative organised by AFME, EDW and TSI, and supported by the Foundation Project Capital Markets Union (<https://stiftungsprojekt-kapitalmarktunion.de/en/>). Its purpose is further to enhance the quality and usefulness of disclosure by providing aggregated transaction-level data on private cash securitisations (both ABCP and non-ABCP) to supervisors, legislators, and the public. Banks active in the European securitisation market (EU27 and UK) have volunteered to provide this data for all securitisations which (i) they have financed directly on their balance sheet or through their ABCP programs and (ii) are not public ABS or synthetic balance sheet securitisations.

Participants and confidentiality: As of 30 June 2021, twelve banks from six countries (Austria, France, Germany, Italy, Netherlands and the UK) have provided data on a voluntary basis: BayernLB, BNP Paribas, Commerzbank, Credit Agricole, DZ Bank, Helaba, HSBC, ING, LBBW, Natixis, RBI and UniCredit. The data provided has been received only by the EDW, and all analysis, aggregation, and publication of data has been made on the basis that specific data cannot be identified to the contributing bank or to the underlying transaction.

Conclusions of this report: we believe the information set out below provides a useful overview of the private cash securitisation market and confirms many of its key characteristics – including its importance in funding the “real economy”. By undertaking this work voluntarily, we hope it demonstrates the commitment of the participants to providing good quality and useful data, in order to reassure market participants and supervisors. We expect this to be the first in a series of such reports, to be published regularly over time. All amounts are in EUR, small deviations in totals are simply due to rounding.

3. Overview

Participating banks have delivered the following data:

Number of Banks	Number of Commitments	Committed Amount	Funded Amount	Utilisation
12	504	62,814,000,000	50,205,000,000	80%

Estimation for overall market size:

Note that the transaction level data gathered includes syndicated transactions, but not all banks participating in such syndicates also participate in the EBE (“non-EBE participants”). However, this does mean that (usefully) it is possible to use this data (at least for asset type, country etc.) to project the total transaction volume including non-EBE participants as follows:

Asset Type	Asset Amount	Amount %
Trade Receivables	71,753,695,920	40%
Auto Loan or Leasing	73,856,799,046	42%
Equipment Leasing	6,715,695,534	4%
Other	25,002,507,144	14%
Total	177,328,697,645	100%

Seller Country	Asset Amount	Amount %
Germany	55,116,827,867	31%
France	34,484,026,302	19%
Great Britain	23,044,213,992	13%
Italy	14,816,725,991	8%
else-EU27	12,830,422,724	7%
else-non EU27	26,044,048,872	15%
ND	10,992,431,899	6%
Total	177,328,697,645	100%

On this basis and assuming an average credit enhancement of 15% (so that 85% of the asset volume is financed), and assuming an average utilisation rate of 80%, we derive a market coverage volume of approximately:

- €177.3 bn Assets
- €150.7 bn Funded Amounts
- **€188.6 bn Total Commitments**

We believe that these data show that the following analysis and conclusions are representative of the overall market. For the sake of clarity, all the following tables are based on actual data received without projections based on data from syndicated transactions. Regarding asset classes, we will focus especially on Trade Receivables, Auto Loans/Leases and Equipment Leases.

4. Asset Classes and Residual Values

Asset Type	Number of Commitments	No. (%)	Committed Amount	Amount (%)	Funded Amount	Usage (%)
Trade Receivables	331	66%	35,689,000,000	57%	27,417,000,000	77%
Auto Loan or Leasing	61	12%	13,985,000,000	22%	12,448,000,000	89%
Equipment Leasing	39	8%	3,417,000,000	5%	3,155,000,000	92%
Consumer Loans	27	5%	3,197,000,000	5%	2,655,000,000	83%
Residential Mortgages	17	3%	2,532,000,000	4%	2,109,000,000	83%
Other	15	3%	2,283,000,000	4%	1,521,000,000	67%
Credit-Card Receivables	6	1%	766,000,000	1%	189,000,000	25%
Floorplan Financing	1	0%	650,000,000	1%	478,000,000	74%
Mixed	2	0%	140,000,000	0%	76,000,000	54%
Commercial Mortgages	2	0%	133,000,000	0%	133,000,000	100%
SME Loans	1	0%	23,000,000	0%	17,000,000	74%
	2	0%	-	0%	9,000,000	
Total	504	100%	62,815,000,000	100%	50,207,000,000	80%

Trade Receivables and Auto Loans or Leasing are the dominant asset classes in private cash securitisations and make up approximately 78 and 79% of our data set by number and amount of commitments. Note that while Auto Loans and Leases are often funded privately by way of “warehousing” pending (and supporting) future refinancing through public ABS term bond issuance, there is no such public term ABS Bond market for Trade Receivables. Private cash securitisations are therefore a crucial source of medium-term financing for Trade Receivables, which in turn fund the real economy.

RESIDUAL VALUE IN AUTO LOANS OR LEASING

Residual Value Portion of Pool	Number of Commitments	No. %	Committed Amount	Amount %
0%	22	36%	4,784,000,000	34%
[0% - 25%]	2	3%	500,000,000	4%
[25% - 50%]	10	16%	2,037,000,000	15%
[50% - 75%]	7	11%	2,209,000,000	16%
[75% - 100%]	4	7%	1,176,000,000	8%
No data	16	26%	3,279,000,000	23%
Total	61	100%	13,985,000,000	100%

RESIDUAL VALUE IN EQUIPMENT LEASING

Residual Value Portion of Pool	Number of Commitments	No. %	Committed Amount	Amount %
0%	20	51%	1,524,000,000	45%
[0% - 25%]	18	46%	1,807,000,000	53%
[25% - 50%]	0	0%		0%
[50% - 75%]	0	0%		0%
[75% - 100%]	0	0%		0%
No data	1	3%	86,000,000	3%
Total	39		3,417,000,000	100%

Residual values are common features of both Auto Loans or Leasing and Equipment Leasing.

5. Funding types, currencies, syndication

Funding Type	Number of Commitments	No. %	Committed Amount	Amount %
ABCP	431	86%	55,524,000,000	88%
Balance Sheet	73	14%	7,291,000,000	12%
Total	504	100%	62,814,000,000	100%

Since the introduction of the new SEC-SA approach in the CRR, an increasing number of transactions is funded directly on the lending bank's balance sheet rather than through its sponsored ABCP programme.

Transaction Currency	Number of Commitments	No. %	Committed Amount	Amount %
EUR	366	73%	46,543,000,000	74%
USD	61	12%	6,813,000,000	11%
GBP	58	12%	7,876,000,000	13%
Others	19	4%	1,583,000,000	3%
Total	504	100%	62,814,000,000	100%

AUTO LOANS AND LEASES

Syndication	Number of Commitments	No. %	Committed Amount	Amount %
Syndicated	50	82%	11,218,000,000	80%
Not syndicated	9	15%	2,389,000,000	17%
No data	2	3%	379,000,000	3%
Total	61	100%	13,986,000,000	100%

TRADE RECEIVABLES

Syndication	No. Commitments	No. %	Committed Amount	Amount %
Syndicated	123	37%	13,907,000,000	39%
Not syndicated	178	54%	16,678,000,000	47%
No data	30	9%	5,104,000,000	14%
Total	331	100%	35,689,000,000	100%

80% of transaction volume in Auto Loans and Leases is syndicated, and 39% of Trade Receivables.

6. Seller Countries and Seller Industries

Seller Country	Number of Commitments	No. %	Committed Amount	Amount %	Average Commitment
Germany	173	34%	16,006,000,000	25%	92,520,231
France	79	16%	10,115,000,000	16%	128,037,975
United Kingdom	53	11%	8,541,000,000	14%	161,150,943
Italy	47	9%	9,466,000,000	15%	201,404,255
Other-EU27 (10)	51	10%	7,926,000,000	13%	155,411,765
Other-non EU27 (13)	82	16%	8,323,000,000	13%	101,500,000
No data	19	4%	2,437,000,000	4%	128,263,158
Total	504	100%	62,814,000,000	100%	134,492,650

NACE	Seller Industry	Number of Commitments	No. %	Committed Amount (EUR)	Amount %
A	Agriculture, Forestry and Fishing	13	2.6%	1,872,000,000	3.0%
B	Mining and Quarrying	16	3.2%	2,894,000,000	4.6%
C	Manufacturing	124	24.6%	12,515,000,000	19.9%
D	Electricity, Gas, Steam and Air Conditioning Supply	15	3.0%	4,035,000,000	6.4%
E	Water Supply; Sewerage, Waste Management	1	0.2%	60,000,000	0.1%
F	Construction	7	1.4%	816,000,000	1.3%
G	Wholesale/Retail Trade/Repair of Motor Vehicles	43	8.5%	2,890,000,000	4.6%
H	Transportation and Storage	11	2.2%	1,610,000,000	2.6%
J	Information and Communication	19	3.8%	2,761,000,000	4.4%
K	Financial and Insurance Activities	104	20.6%	13,534,000,000	21.5%
M	Professional, Scientific and Technical Activities	17	3.4%	1,106,000,000	1.8%
N	Administrative and Support Service Activities	14	2.8%	1,495,000,000	2.4%
ND	No data	120	23.8%	17,225,000,000	27.4%
Total		504	100.0%	62,814,000,000	100.0%

The analysis shows a broad range of countries (over 80% in the EU) and industries, demonstrating the relevance of private cash securitisation, especially that sector funding trade receivables, to the real economy (over 70% by amount, i.e. excluding Financials and No Data).

7. Transaction Commitment size and Underlying Asset size

<u>Commitment Size (EUR)</u>	<u>Number of Commitments</u>	<u>No. %</u>	<u>Committed Amount</u>	<u>Amount %</u>
0 – 25M	86	17%	1,168,000,000	2%
25M – 50M	77	15%	2,657,000,000	4%
50M – 100M	126	25%	8,533,000,000	14%
100M – 250M	141	28%	21,129,000,000	34%
250M – 500M	57	11%	18,231,000,000	29%
More than 500M	17	3%	11,098,000,000	18%
Total	504	100%	62,816,000,000	100%

57% of transactions have a commitment of EUR 100k or below.

ALL

<u>Asset Size Category (EUR)</u>	<u>Number of Commitments</u>	<u>No. %</u>	<u>Committed Amount</u>	<u>Amount %</u>
0 - 10k	176	35%	18,584,000,000	30%
10k - 50k	120	24%	18,726,000,000	30%
50k - 250k	64	13%	8,739,000,000	14%
250k - 500k	21	4%	1,949,000,000	3%
500k - 1M	19	4%	2,696,000,000	4%
More than 1M	51	10%	5,617,000,000	9%
ND	53	11%	6,503,000,000	10%
Total	504	100%	62,814,000,000	100%

TRADE RECEIVABLES

<u>Asset Size Category (EUR)</u>	<u>Number of Commitments</u>	<u>No. %</u>	<u>Committed Amount</u>	<u>Amount %</u>
0 - 10k	125	38%	13,455,000,000	38%
10k - 50k	51	15%	4,975,000,000	14%
50k - 250k	48	15%	6,259,000,000	18%
250k - 500k	16	5%	1,479,000,000	4%
500k - 1M	14	4%	1,222,000,000	3%
More than 1M	42	13%	4,706,000,000	13%
ND	35	11%	3,593,000,000	10%
Total	331	100%	35,689,000,000	100%

AUTO LOANS AND LEASING

Asset Size Category (EUR)	Number of Commitments	No. %	Committed Amount	Amount %
0 - 10k	9	15%	1,212,000,000	9%
10k - 50k	40	66%	10,406,000,000	74%
50k - 250k	5	8%	1,220,000,000	9%
250k - 500k	1	2%	50,000,000	0%
500k - 1M	0	0%	0	0%
More than 1M	0	0%	0	0%
ND	6	10%	1,097,000,000	8%
Total	61	100%	13,985,000,000	100%

As is usual, portfolios of Trade Receivables contain certain concentrations of debtors, while Auto Loans and Leasing have more granular portfolios.

8. Transaction start dates

All Commitments

Year	Transaction Start Date No. Of Commitments	Transaction Start Date Committed Amount	Latest Renewal Date No. Of Commitments	Latest Renewal Date Committed Amount
2000-2008	38	5,195,872,817		
2009-2018	302	41,562,143,123	15	2,355,448,550
2019+	164	16,056,399,978	470	57,934,092,710
Total	504	62,814,415,918	485	60,289,541,260

STS Transactions

Year	Transaction Start Date No. Of Commitments	Transaction Start Date Committed Amount	Latest Renewal Date No. Of Commitments	Latest Renewal Date Committed Amount
2000-2008	17	3,092,208,400	-	-
2009-2018	124	18,707,809,044	-	-
2019+	73	6,880,412,737	214	28,533,173,365
Total	214	28,680,430,181	214	28,533,173,365

The majority of transactions were initiated after the Global Financial Crisis (2008/2009) but before the entry into force of the SECR on 1st January 2019. It should also be noted that private cash securitisations can be an important source of finance for start-ups and new originators, prior to refinancing in the public term ABS market.

9. Transaction and Seller Ratings

ALL - BY VOLUME

Rating Class	Transaction Rating	Seller Rating at inception	Seller Rating current	Transaction Rating (%)	Seller Rating at inception (%)	Seller Rating current (%)
AAA	12,707,000,000	1,158,000,000	1,676,000,000	20%	2%	3%
AA	21,529,000,000	1,059,000,000	815,000,000	34%	2%	1%
A	13,180,000,000	4,730,000,000	10,267,000,000	21%	8%	16%
BBB	6,053,000,000	18,664,000,000	27,023,000,000	10%	30%	43%
BB and lower	321,000,000	11,654,000,000	14,332,000,000	1%	19%	23%
No rating	8,228,000,000	5,067,000,000	5,186,000,000	13%	8%	8%
No data	797,000,000	20,483,000,000	3,515,000,000	1%	33%	6%
	62,814,000,000	62,814,000,000	62,814,000,000	100%	100%	100%

Of all transactions by volume, 84% were undertaken by sellers with ratings of BBB and below at inception, and the average seller rating was BBB. In contrast the average transaction rating is in the range A to AA (weighted average, excluding No Data and Non Rated sellers). This shows that private cash securitisations provide a cost-effective means of financing especially for lower rated sellers.

ALL - BY NUMBER OF COMMITMENTS

Rating Class	Number of Commitments	No. %	Committed Amount	Amount %	Average Committed Amount
AAA	64	13%	12,707,000,000	20%	198,546,875
AA	154	31%	21,529,000,000	34%	139,798,701
A	148	29%	13,180,000,000	21%	89,054,054
BBB	61	12%	6,053,000,000	10%	99,229,508
BB and lower	6	1%	321,000,000	1%	53,500,000
No rating	65	13%	8,228,000,000	13%	126,584,615
No data	6	1%	797,000,000	1%	132,833,333
	504	100%	62,814,000,000	100%	134,868,181

AUTO LOANS AND LEASES

Rating Class	Transaction Rating	Seller Rating at inception	Seller Rating current	Transaction Rating (%)	Seller Rating at inception (%)	Seller Rating current (%)
AAA	5,468,000,000	858,000,000	858,000,000	39%	6%	6%
AA	3,943,000,000	408,000,000	-	28%	3%	0%
A	1,768,000,000	3,313,000,000	2,577,000,000	13%	24%	18%
BBB	760,000,000	4,642,000,000	8,183,000,000	5%	33%	59%
BB and Lower	-	1,190,000,000	672,000,000	0%	9%	5%
No rating	1,429,000,000	895,000,000	895,000,000	10%	6%	6%
No data	617,000,000	2,679,000,000	800,000,000	4%	19%	6%
	13,985,000,000	13,985,000,000	13,985,000,000	100%	100%	100%

TRADE RECEIVABLES

Rating Class	Transaction Rating	Seller Rating at inception	Seller Rating current	Transaction Rating (%)	Seller Rating at inception (%)	Seller Rating current (%)
AAA	4,601,000,000	-	143,000,000	13%	0%	0%
AA	14,539,000,000	51,000,000	17,000,000	41%	0%	0%
A	9,850,000,000	681,000,000	7,153,000,000	28%	2%	20%
BBB	2,480,000,000	10,472,000,000	14,548,000,000	7%	29%	41%
BB and Lower	321,000,000	6,879,000,000	10,216,000,000	1%	19%	29%
No rating	3,718,000,000	1,303,000,000	1,303,000,000	10%	4%	4%
No data	180,000,000	16,303,000,000	2,309,000,000	1%	46%	6%
	35,689,000,000	35,689,000,000	35,689,000,000	100%	100%	100%

10. Contact Details

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