

**European Benchmarking Exercise (EBE)
for Private Securitisations**

-

**Report of H2-2021 Results
(25 July 2022)**

Table of Contents

1.	Executive Summary	2
2.	Background, Scope and Objectives:	3
3.	Overview.....	4
4.	Asset Types and Residual Values.....	5
5.	Funding types, currencies, syndication	7
6.	Seller Countries and Seller Industries.....	8
7.	STS Transactions	9
8.	Transaction Commitment size and Underlying Asset size.....	10
9.	Transaction and Seller Ratings	11
10.	Contact Details.....	12

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 €184bn of total commitments; specific data received covers €65bn of commitments.
- Private securitisations backed by Trade Receivables and Auto Loans or Leasing make up around 78% of the market, of which 34% and 89% 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, 94% 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.
- This is the second in a series of such reports, to be published regularly over time. All amounts are in million 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 31 December 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. This is the second in a series of such reports to be published regularly over time. All amounts are in million EUR, small deviations in totals are simply due to rounding.

3. Overview

Table 1 - Participation Overview

Number of Banks	Number of Commitments	Committed Amount	Funded Amount	Utilisation
12	527	65,064	53,009	81%

The observed committed amounts have increased slightly by roughly 5% compared to H1 2021.

Estimation for overall market size by considering total assets:

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 and country) to project the total transaction volume including non-EBE participants as follows:

Table 2 - Underlying Exposure Distribution by Asset Type

Asset Type	Asset Amount	Amount %
Trade Receivables	88.097	51%
Auto Loan or Leasing	46.711	27%
Equipment Leasing	6.359	4%
Other	31.849	18%
Total	173.016	100%

Table 3- Underlying Exposure Breakdown by Seller Country

Seller Country	Asset Amount	Amount %
Germany	41.355	24%
Great Britain	31.165	18%
France	21.926	13%
Italy	15.019	9%
else-EU27	14.855	9%
else-non EU27	33.327	19%
No data	15.369	9%
Total	173.016	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:

- €173.0 bn Assets
- €147.1 bn Funded Amounts
- **€183.8 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 types, we will focus especially on Trade Receivables, Auto Loans/Leases and Equipment Leases.

4. Asset Types and Residual Values

The following table gives an overview of the distribution of commitments among asset types.

Table 4 - Committed and Funded Amounts by Asset Type

Asset Type	Number of Commitments	No.(%)	Committed Amount	Amount (%)	Funded Amount	Usage (%)
Trade Receivables	342	65%	38.966	60%	31.129	80%
Auto Loan or Leasing	52	10%	11.187	17%	9.990	89%
Equipment Leasing	45	9%	4.183	6%	3.732	89%
Consumer Loans	33	6%	3.760	6%	3.202	85%
Residential Mgt	18	3%	2.648	4%	2.182	82%
Other	19	4%	2.332	4%	1.761	76%
Credit-Card Receivables	8	2%	981	2%	347	35%
Commercial Mortgages	4	1%	401	1%	236	59%
Floorplan Financing	1	0%	350	1%	302	86%
Mixed	2	0%	143	0%	75	52%
SME Loans	3	1%	113	0%	53	47%
Total	527	100%	65.064	100%	53.009	81%

Trade Receivables and Auto Loans or Leasing are the dominant asset types in private cash securitisations and make up approximately 77% of data reported by amount of commitments. Note that while Auto Loans or Leasing 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.

Table 5 - Committed and Funded Amount for main Asset Types

Asset Type	Number of Commitments	No.(%)	Committed Amount	Amount (%)	Funded Amount	Usage (%)
Trade Receivables	342	65%	38.966	60%	31.129	80%
Auto Loan or Leasing	52	10%	11.187	17%	9.990	89%
Equipment Leasing	45	9%	4.183	6%	3.732	89%
Other	88	17%	10.728	16%	8.158	76%
Total	527	100%	65.064	100%	53.009	81%

RESIDUAL VALUE IN AUTO LOANS OR LEASING

The two tables below provide the breakdown of commitments by the size of the residual value portion of the respective leasing portfolios.

Table 6 - Breakdown by Residual Value Size (Auto)

Residual Value Portion of Pool	Number of Commitments	No. %	Committed Amount	Amount (%)
0%	9	17%	2.336	21%
]0% - 25%]	4	8%	599	5%
]25% - 50%]	9	17%	1.488	13%
]50% - 75%]	7	13%	1.845	16%
]75% - 100%]	6	12%	1.582	14%
No data	17	33%	3.337	30%
Total	52	100%	11.187	100%

RESIDUAL VALUE IN EQUIPMENT LEASING

Table 7 - Breakdown by Residual Value Size (Equipment Leasing)

Residual Value Portion of Pool	Number of Commitments	No. %	Committed Amount	Amount (%)
0%	21	47%	1.353	32%
]0% - 25%]	17	38%	1.743	42%
]25% - 50%]	2	4%	382	9%
]50% - 75%]	0	0%	0	0%
]75% - 100%]	0	0%	0	0%
No data	5	11%	706	17%
Total	45	100%	4.183	100%

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

5. Funding types, currencies, syndication

Table 8 - Breakdown by Funding Type

Funding Type	Number of Commitments	No. (%)	Committed Amount	Amount (%)
ABCP	455	86%	57.491	88%
Balance Sheet	72	14%	7.573	12%
Total	527	100%	65.064	100%

Since the introduction of the new SEC-SA approach in the CRR in 2019, some transactions are funded directly on the lending bank's balance sheet rather than through its sponsored ABCP programme. Due to the full support provided by all ABCP sponsor banks to their ABCP conduits, the type of funding has no impact on the credit risk position of involved banks.

TRANSACTION CURRENCIES

Table 9 - Breakdown by Transaction Currency

Transaction Currency	Number of Commitments	No. (%)	Committed Amount	Amount (%)
EUR	373	71%	47.301	73%
USD	64	12%	7.511	12%
GBP	68	13%	8.707	13%
Others	22	4%	1.545	2%
Total	527	100%	65.064	100%

As expected, EUR is the major currency of private cash securitisations followed by GBP and USD.

SYNDICATION - ALL

Table 10 - Breakdown by Syndication Status

Syndication	Number of Commitments	No. (%)	Committed Amount	Amount (%)
Syndicated	232	44%	32.527	50%
Not syndicated	290	55%	31.412	48%
No data	5	1%	1.125	2%
Total	527	100%	65.064	100%

This tables shows that the syndication of private cash securitisations is rather the rule than the exception. Syndications do allow banks to share and diversify risk on the one hand, and originators are able to diversify their financing partners on the other hand. In many cases both ABCP and on balance funding occur in the same securitisation transaction, explaining the need to harmonise reporting templates.

SYNDICATION - TRADE RECEIVABLES

Table 11 - Breakdown by Syndication Status (Trade Receivables)

Syndication	Number of Commitments	No. (%)	Committed Amount	Amount (%)
Syndicated	109	32%	13.157	34%
Not syndicated	233	68%	25.809	66%
No data	0	0%	-	0%
Total	342	100%	38.966	100%

SYNDICATION – AUTO LOANS OR LEASING

Table 12 - Breakdown by Syndication Status (Auto Loans or Leasing)

Syndication	Number of Commitments	No. (%)	Committed Amount	Amount (%)
Syndicated	44	85%	9.955	89%
Not syndicated	7	13%	553	5%
No data	1	2%	679	6%
Total	52	100%	11.187	100%

6. Seller Countries and Seller Industries

Table 13 - Breakdown by Seller Country

Seller Country	Number of Commitments	No. (%)	Committed Amount	Amount (%)	Average Commitment
Germany	172	33%	15.886	24%	92
France	79	15%	11.113	17%	141
Italy	50	9%	10.052	15%	201
Great Britain	57	11%	9.029	14%	158
else-EU27	58	11%	8.276	13%	143
else-non EU27	90	17%	8.204	13%	91
No data	21	4%	2.504	4%	119
Total	527	100%	65.064	100%	134

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).

EBE – European Benchmark Exercise – H2-2021 Results (25 July 2022)
(All amounts in EUR million)

Table 14 - Breakdown by Seller Industry

NACE	Sector	Count %	Committed Amount (EUR)	Amount (%)
A	Agriculture, Forestry and Fishing	2,8%	1.910	2,9%
B	Mining and Quarrying	3,4%	3.334	5,1%
C	Manufacturing	28,1%	14.520	22,3%
D	Electricity, Gas, Steam and Air Conditioning	3,6%	5.888	9,0%
F	Construction	1,7%	1.054	1,6%
G	Wholesale and Retail Trade; Repair of Motor Vehicles	9,1%	3.123	4,8%
H	Transportation and Storage	2,3%	1.013	1,6%
J	Information and Communication	4,0%	3.054	4,7%
K	Financial and Insurance Activities	24,9%	16.698	25,7%
M	Professional, Scientific and Technical Activities	3,2%	1.189	1,8%
N	Administrative and Support Service Activities	2,3%	1.195	1,8%
ND	ND	14,6%	12.087	18,6%
Total		100,0%	65.065	100,0%

7. STS Transactions

Table 15 - Breakdown by Year of Transaction Start and STS Notification

Year	Transaction Start Date No. Of Commitments	Transaction Start Date Committed Amount	Notification Date No. Of Commitments	Notification Date Committed Amount
2000-2008	18	3.547	-	-
2009-2018	142	23.466	-	-
2019+	96	8.771	256	35.784
Total	256	35.784	256	35.784

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.

The following tables show the breakdown between STS and non- STS for the main asset types at commitment level:

Table 16 - STS vs non-STS by Asset Type

Asset Type	Number of Commitments	Committed Amount	Amount (%)	Committed STS	STS (%)	Committed Non-STS	Non-STS (%)
Trade Receivables	342	38.966	60%	25.118	64%	13.848	36%
Auto Loan or Leasing	52	11.187	17%	7.026	63%	4.161	37%
Equipment Leasing	45	4.183	6%	2.520	60%	1.663	40%
Other	88	10.728	16%	1.120	10%	9.608	90%
Total	527	65.064	100%	35.784	55%	29.280	45%

STS transactions have increased from 42% to 49% by number of commitments and from 52% to 55% by committed amount as compared to H1 2021.

8. Transaction Commitment size and Underlying Asset size

Table 17 - Breakdown by Commitment Size

Commitment Size	Number of Commitments	No. (%)	Committed Amount	Amount (%)
0 - 25	83	16%	1.112	2%
25 - 50	90	17%	3.185	5%
50 - 100	138	26%	9.593	15%
100 - 250	152	29%	23.447	36%
250 - 500	49	9%	15.788	24%
More than 500	15	3%	11.939	18%
Total	527	100%	65.064	100%

59% of transactions have a commitment size of up to EUR 100m, showing the relevance of private cash securitisations for smaller transactions which cannot be executed as public transactions at reasonable costs.

ASSET SIZE DISTRIBUTION

Table 18 - Asset Size Distribution

Asset Size Category	Number of Commitments	No. (%)	Committed Amount	Amount (%)
0 - 10k	176	33%	18.145	28%
10k - 50k	119	23%	18.230	28%
50k - 250k	64	12%	7.807	12%
250k - 500k	28	5%	3.836	6%
500k - 1M	20	4%	2.227	3%
More than 1M	58	11%	5.979	9%
No data	62	12%	8.839	14%
Total	527	100%	65.064	100%

ASSET SIZE DISTRIBUTION FOR TRADE RECEIVABLES

Table 19 - Asset Size Distribution (Trade Receivables)

Asset Size Category	Number of Commitments	Count (%)	Committed Amount	Amount (%)
0 - 10k	119	35%	12.637	32%
10k - 50k	58	17%	6.809	17%
50k - 250k	45	13%	5.354	14%
250k - 500k	19	6%	2.591	7%
500k - 1M	15	4%	1.327	3%
More than 1M	47	14%	5.080	13%
No data	39	11%	5.168	13%
Total	342	100%	38.966	100%

ASSET SIZE DISTRIBUTION FOR AUTO LOANS OR LEASING

Table 20 - Asset Size Distribution (Auto Loans or Leasing)

Asset Size Category	Number of Commitments	No. (%)	Committed Amount	Amount (%)
0 - 10k	8	15%	1.052	9%
10k - 50k	31	60%	7.643	68%
50k - 250k	4	8%	986	9%
250k - 500k	1	2%	50	0%
500k - 1M	0	0%	0	0%
More than 1M	0	0%	0	0%
ND	8	15%	1.457	13%
Total	52	10%	11.188	17%

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

9. Transaction and Seller Ratings

ALL - BY VOLUME

Table 21 - Rating Structure by Volume

Rating Class	Transaction Rating	Seller Rating at inception	Seller Rating current	Transaction Rating (%)	Seller Rating inception (%)	Seller Rating current (%)
AAA	14.543	300	868	22%	0%	1%
AA	25.235	925	20	39%	1%	0%
A	15.527	4.396	4.252	24%	7%	7%
BBB	6.487	19.106	26.432	10%	29%	41%
BB and lower	289	11.859	13.283	0%	18%	20%
NR	2.651	5.996	6.898	4%	9%	11%
ND	332	22.482	13.310	1%	35%	20%
Total	65.064	65.064	65.064	100%	100%	100%

Of all transactions by volume, 94% 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. This is particularly the case for corporates as originators of trade receivables securitisations.

AUTO LOANS OR LEASING

Table 22 - Rating Structure by Volume (Auto Loans or Leasing)

Rating Class	Transaction Rating	Seller Rating inception	Seller Rating current	Transaction Rating (%)	Seller Rating inception (%)	Seller Rating current (%)
AAA	5.819	-	50	52%	0%	0%
AA	2.548	275	-	23%	2%	0%
A	2.143	2.914	2.143	19%	26%	19%
BBB	678	4.136	6.009	6%	37%	54%
BB and Lower	-	642	546	0%	6%	5%
Not rated	-	435	512	0%	4%	5%
No data	-	2.785	1.927	0%	25%	17%
Total	11.188	11.187	11.187	100%	100%	100%

TRADE RECEIVABLES

Table 23 - Rating Structure by Volume (Trade Receivables)

Rating Class	Transaction Rating	Seller Rating inception	Seller Rating current	Transaction Rating (%)	Seller Rating inception (%)	Seller Rating current (%)
AAA	6.470	-	143	17%	0%	0%
AA	19.289	100	20	50%	0%	0%
A	8.666	781	829	22%	2%	2%
BBB	2.737	10.811	15.538	7%	28%	40%
BB and Lower	289	7.501	10.434	1%	19%	27%
Not rated	1.375	1.444	1.444	4%	4%	4%
No data	140	18.329	10.557	0%	47%	27%
Total	38.966	38.966	38.965	100%	100%	100%

10. Contact Details

Shaun Baddeley Maria Pefkidou	Dr. Christian Thun Dr. Ludovic Thebault Jiamin Lou	Jan-Peter Hülbert Dr. Jürgen Brust
Shaun.Baddeley@afme.eu Maria.Pefkidou@afme.eu	christian.thun@eurodw.eu ludovic.thebault@eurodw.eu jiamin.lou@eurodw.eu	jan-peter.huelbert@tsi-gmbh.de juergen.brust@tsi-gmbh.de
		