European Benchmarking Exercise (EBE)
for Private Securitisations
-
Report of H1-2022 Results
(22 March 2023)

Table of Contents

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 €183bn of total commitments; specific data received covers €67bn of commitments.
- Private securitisations backed by Trade Receivables and Auto Loans or Leasing make up around 82% of the market, of which 33% and 88% respectively are funded through syndicated transactions.
- Over 70% of private cash securitisations fund sellers in the EU, and over 68% directly fund the 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, 88%[1] 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.
- During first half of 2022 we observed 31 new commitments while 33 existing commitments ended in that 6 months period.
- This is the third in a series of such reports, to be published regularly over time. All amounts are in million EUR.

[1] ND and NR not taken into account

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.

- Readers should be aware that the European Securities & Markets Authority (ESMA) has been given a mandate by the Commission to undertake a consultation with the industry with the objective of rationalising disclosure requirements for both private and public securitisations. This consultation has started. No end date is stipulated but will likely run over the course of the next 3 to 6 months.
- A similar staggered consultation is expected in the UK, but details are not available at the time of publication.

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 2022, 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: The information set out below uniquely provides insight into 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.

(All amounts in EUR million)

3. Overview

This is the third report of the European Benchmark Exercise on private securitisations in Europe. Following the inaugural issue in November 2021 in respect of the cut-off date 30/06/2021 and a follow-up report released on 29/11/2022 with a cut-off date 31/12/2021 this report analyses data provided by the participating banks as of June 2022. It for the first time covers the period of one full year. The following table depicts the key figures derived from data received:

Table 1 - Participation Overview

		2022-06	2021-12	2021-06	Δ-1Y
Number of Participants	#	12	12	12	0,0%
Number of Commitments	#	525	527	504	4,2%
Committed Amount	Million EUR	67.241	65.064	62.814	7,0%
Funded Amount	Million EUR	56.400	53.009	50.205	12,3%
Utilisation		84%	81%	80%	4,8%
Estimated Asset Amount	Million EUR	183.326	173.016	177.329	3,4%

We see a solid year-on-year growth of 7% committed amounts and 12,3% increase in funding, which indicates an increased funding demand of the real economy. The data collected shows a fairly stable financing situation keeping in mind that the period covered sees a subsiding COVID-19 pandemic with the well-known supply chain issues and the first month of the Ukraine war and the related sanctions.

Table 2 - Type of Funding

Funding Type	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
ABCP	59.412	57.491	55.524	7,0%
BS	7.829	7.573	7.291	7,4%
Total	**67.241**	**65.064**	**62.814**	7,0%

The funding type distribution is largely unchanged. Both, ABCP and balance sheet funding increase by around 7%.

(All amounts in EUR million)

Table 3 - Asset Type Distribution

Asset Type	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
Trade Receivables	40.682	38.966	35.689	14%
Auto Loan or Leasing	10.162	11.187	13.985	-27%
Consumer Loans	4.704	3.760	3.197	47%
Equipment Leasing	4.327	4.183	3.417	27%
Other Types	7.366	6.968	6.527	13%
Total	**67.241**	**65.064**	**62.815**	7%

Consumer Loans have become the third largest asset class now ranging before equipment leasing. The committed amount of auto transactions has experienced a significant drop from close to 14 billion Euro down to just above 10 billion Euro. The latter finding is in line with the reduction of the number of auto financings as shown in the table below. For more details on asset types see section 5 "Asset Types".

Table 4 - Asset Type Distribution by Number of Commitments

Asset Type	No. Commitments 2022-06	No. Commitments 2021-12	No. Commitments 2021-06	Δ-1Y
Trade Receivables	340	342	331	3%
Auto Loan or Leasing	49	52	61	-20%
Equipment Leasing	43	45	39	10%
Consumer Loans	33	33	27	22%
Other Types	60	55	46	30%
Total	**525**	**527**	**504**	4%

The following table shows the evolution of the regional distribution of the sellers over the measurement period. We note a slight drop of commitment in UK transactions against the general trend as well as an "underperformance" of Germany which may be related to the reduction of auto financing amount. Pronounced above average growth is seen in Italy.

Table 5 - Regional Distribution

Seller Region	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
Germany	16.286	15.886	16.006	2%
France	11.142	11.113	10.115	10%
Italy	10.580	10.052	8.541	24%
UK	9.263	9.029	9.466	-2%
else-EU27	9.174	8.276	7.926	16%
else-non EU27	8.435	8.204	8.323	1%
ND	2.361	2.504	2.437	-3%
Total	**67.241**	**65.064**	**62.814**	7,0%

(All amounts in EUR million)

The currency distribution remains fairly unchanged. Surprising though is the increase in sterling funding in the light of the reduced volume of UK transactions as shown above. This might relate to multi-currency facilities backed by trade receivables.

Table 6 - Currency Distribution

Currency	Committed Amount 2022m-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
EUR	49.630	47.301	46.543	7%
USD	7.498	7.511	6.813	10%
GBP	8.489	8.707	7.876	8%
Others	1.624	1.545	1.583	3%
Total	**67.241**	**65.064**	**62.814**	**7%**

Estimation for overall market size by considering total assets:

In the previous reports we have described the challenge in relation to uniquely identifying individual transactions and to avoid double-counting in case of syndicated transactions. The underlying reason is that the transaction ids across syndicates are not always identical. In the initial EBE report we tried to give an estimate of the underlying asset base based on typical utilisation and overcollateralization-assumptions and concluded that the part of the market covered by the exercise in terms of asset volume is around 183 billion Euro.
Working together with the participants on the data quality we were able to establish a significantly improved value in the second report which is now confirmed by the latest data. We are now also able to report the development of the volume of the different asset types.
The underlying asset volume has grown in line with the committed amounts. Apart from this general increase among the main asset classes we see the decrease in auto financing and the increase in consumer lending. We also observe a notable increase in asset volume of the smaller asset types which will be discussed further below.

Table 7 - Underlying Exposure Distribution by Asset Type

Asset Type	Asset Amount 2022-06	Asset Amount 2021-12	Asset Amount 2021-06	Δ-6M
Trade Receivables	92.053	88.097	n.a.	4%
Auto Loan or Leasing	44.477	46.711	n.a.	-5%
Consumer Loans	9.233	8.321	n.a.	11%
Equipment Leasing	6.743	6.359	n.a.	6%
Diverse	30.820	12.152	n.a.	153%
Total	**183.326**	**173.016**	**188.600**	**6,0%**

(All amounts in EUR million)

Table 8- Underlying Exposure Breakdown by Seller Country

Seller Region	Asset Amount 2022-06	Asset Amount 2021-12	Asset Amount 2021-06	Δ-6M
Germany	45.132	41.355	n.a.	9%
France	21.709	21.926	n.a.	-1%
Italy	16.879	15.019	n.a.	12%
Great Britain	28.230	31.165	n.a.	-9%
else-EU27	16.382	14.855	n.a.	10%
else-non EU27	36.352	33.327	n.a.	9%
ND	18.642	15.369	n.a.	21%
Total	**183.326**	**173.016**	**188.600**	**6,0%**

The asset distribution among seller countries reflects the one observed for the distribution of commitments with a strong increase for Italy and else-EU27 while the UK is losing about 10%. A notable difference is the behaviour of the ND share which increases for asset amounts but decreases slightly for commitments.

4. Transaction and Seller Ratings

Table 9 - Transaction Ratings

Transaction Rating Share	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
AAA	22,6%	22,4%	20,2%	12%
AA	39,8%	38,8%	34,3%	16%
A	21,9%	23,9%	21,0%	4%
BBB	11,1%	10,0%	9,6%	15%
BB and lower	0,5%	0,4%	0,5%	5%
NR	3,9%	4,1%	13,1%	-70%
ND	0,1%	0,5%	1,3%	-88%
Total	**100,0%**	**100,0%**	**100,0%**	0%

The transaction rating distribution in general appears to be stable. High rating classes AAA and AA have gained relative to A rated commitments. We observe that the number of commitments which have shown NR and ND has strongly decreased further underlining the further improved data quality.

(All amounts in EUR million)

For Seller ratings as shown below we notice an increase of NR and ND in particular in the second half of 2021.

Table 10 - Seller Ratings

Seller Rating Share	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
AAA	1,3%	1,3%	2,7%	-51%
AA	0,0%	0,0%	1,3%	-98%
A	7,4%	6,5%	16,3%	-55%
BBB	41,2%	40,6%	43,0%	-4%
BB and lower	20,7%	20,4%	22,8%	-9%
NR	11,0%	10,6%	8,3%	33%
ND	18,3%	20,5%	5,6%	228%
Total	**100,0%**	**100,0%**	**100,0%**	**0,0%**

Again, of all transactions by volume, more than 88% 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.

(All amounts in EUR million)

Rating Migrations, New and Dropped Transactions

Looking at the combination of participant id and asset id as a unique identifier of a commitment we found 31 new commitments and 33 which had been dropped in the first half of 2022.

By using this new approach in identifying commitments across reporting dates we were able to produce a migration matrix for commitments. This matrix shows that in the first half of 2022 transaction ratings are fairly stable and even have improved a bit. This may be due to transaction related measures such as the increase of collateralisation or an economic improvement in spite of the Ukraine war and the impact on energy prices. Whatever the cause may be, we think that this behaviour makes a strong case for the securitisation product as a stable, reliable funding source of the real economy.

Table 11 – Transaction Rating Migration

	# Commitments	AAA	AA	A	BBB	BB	B	NR	ND	Dropped	Total
2021-H2	AAA	**67**	6	-	1	-	-	-	-	9	83
	AA	18	**156**	9	1	-	-	-	-	5	189
	A	4	11	**125**	6	-	-	-	-	10	156
	BBB	-	1	4	**56**	1	-	-	-	6	68
	BB	-	-	-	-	**6**	-	-	-	-	6
	B	-	-	-	-	-	**-**	-	-	-	-
	NR	-	-	-	-	-	-	**18**	-	3	21
	ND	-	-	-	-	-	-	3	1	-	4
	New in 2022	6	10	7	8	-	-	-	-	-	31
	Total 2022-06	95	184	145	72	7	-	21	1	33	

(All amounts in EUR million)

5. Asset Types

The table below gives a more detailed overview of the distribution of commitments among asset types that given above in the Overview section.

Table 12 – Distribution by Asset Type

Asset Type	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
Trade Receivables	40.682	38.966	35.689	14%
Auto Loan or Leasing	10.162	11.187	13.985	-27%
Consumer Loans	4.704	3.760	3.197	47%
Equipment Leasing	4.327	4.183	3.417	27%
Other	2.621	2.332	2.283	15%
Residential Mgt	2.495	2.648	2.532	-5%
Credit-Card Receivables	785	981	766	3%
Floorplan Financing	699	350	650	8%
Commercial Mortgages	535	401	133	
SME Loans	231	113	23	
Mixed?	-	143	140	
ND	-	-	9	
Total	**67.241**	**65.064**	**62.815**	**7,0%**

Trade Receivables, Auto Loans or Leasing remain the dominant asset types in private cash securitisations and make up approximately 76% from 77% of data reported by 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.

From the real economy financing perspective, the very pronounced increase of SME financing seems worth mentioning. The share of SME loan-backed financings has increase by 900 % over the year.

(All amounts in EUR million)

Looking at the utilisation of the transactions for the main asset classes in Table 10 we find a moderate increase.

Table 13 - Utilisation for the Main Asset Types

Main Asset Types	Utilisation 2022-06	Utilisation 2021-12	Utilisation 2021-06	Δ-1Y
Trade Receivables	81,6%	79,9%	76,8%	6%
Auto Loan or Leasing	91,1%	89,3%	89,0%	2%
Consumer Loans	87,6%	85,2%	83,1%	6%
Equipment Leasing	90,7%	89,2%	92,3%	-2%
Average	**87,8%**	**85,9%**	**85,3%**	3%

6. Seller Industries

The following table shows the evolution of the reported seller industries over the measurement period. No major changes are visible.

Table 14 - Breakdown by Seller Industry

Seller Industry Share	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
Financial and Insura...	25,3%	25,7%	21,5%	18%
Manufacturing...	22,1%	22,3%	19,9%	11%
Electricity, Gas, St...	9,0%	9,0%	6,4%	39%
Mining and Quarrying...	4,6%	5,1%	4,6%	-1%
Wholesale and Retail...	4,5%	4,8%	4,6%	-2%
Information and Comm...	4,0%	4,7%	4,4%	-9%
Agriculture, Forestr...	3,2%	2,9%	3,0%	7%
Administrative and S...	2,0%	1,8%	2,4%	-17%
Construction...	1,7%	1,6%	1,3%	28%
Transportation and S...	1,5%	1,6%	2,6%	-42%
Professional, Scient...	1,4%	1,8%	1,8%	-18%
Water Supply; Sewera...	0,0%	0,0%	0,1%	-100%
ND...	20,8%	18,6%	27,4%	-24%
Total	**100%**	**100%**	**100%**	

The most prominent sectors remain finance, i.e. probably leasing and factoring, and manufacturing. The strongest increase is observed in power generation in the second half of 2021 which may be linked to the increase in power prices.

(All amounts in EUR million)

7. STS Transactions, Timing

Table 15 - All Commitments by Transaction Start Date

Start Date - All	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
2000-2008	5.981	5.731	5.196	15%
2009-2018	39.651	41.205	41.562	-5%
2019+	21.609	18.129	16.056	35%
Total	**67.241**	**65.064**	**62.814**	**7%**

The table shows that most of the transactions (€21bn) have started in 2019 or later, at the same time existing transactions started in 2000-2008 have slightly increased by volume (+15%).

Table 16 - STS vs non-STS

Start Date - STS	Committed Amount 2022-06	Committed Amount 2021-12	Committed Amount 2021-06	Δ-1Y
2000-2008	4.241	3.547	3.092	37%
2009-2018	23.368	23.466	18.708	25%
2019+	10.531	8.771	6.880	53%
Total	**38.140**	**35.784**	**28.680**	**33%**

As can be expected, commitments of STS transactions have grown much stronger (+33%) than the overall market (+7%), which is also due to existing transactions being restructured as STS.

Table 17 - STS Share by Asset Type

STS	STS Asset Share 2022-06	Asset Amount 2021-12	Asset Amount 2021-06	Δ-6M
Trade Receivables	41,2%	35,5%	ND	16,2%
Auto Loan or Leasing	78,6%	58,6%	ND	34,2%
Equipment Leasing	72,9%	60,5%	ND	20,4%
Consumer Lending	0,8%	0,9%	ND	-11,1%
Other	11,2%	4,8%	ND	132,4%
Average	**44,4%**	**36,8%**	**ND**	**20,6%**

Please note that this table spans only the last 6 months rather than a full year because we were not able to derive the asset amount data from the first data collection in 2021 due to the double-counting issue.

For the first half year of 2022 we see a strong increase of the STS-share by asset amount across all asset classes with the average STS-share increasing by more than 20%. While Trade Receivables are closing in on a 50% STS-share auto loans and leases, and equipment leasing are on the way to reaching 80%.

8. Contact Details

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