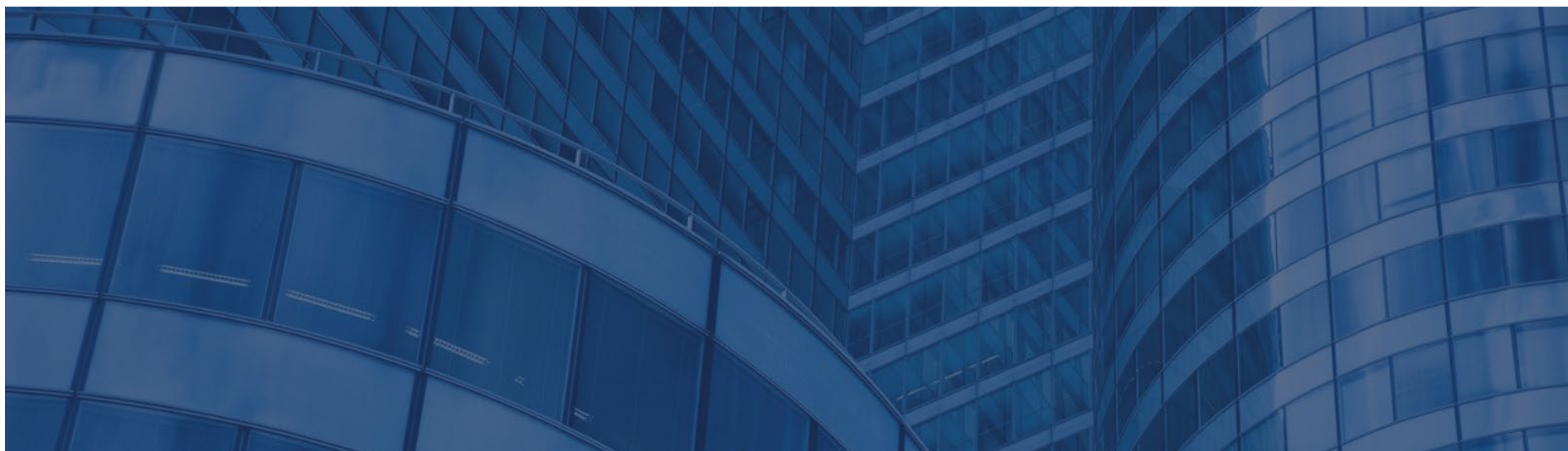


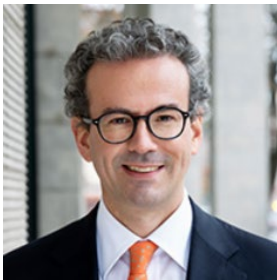
# CREDIT PERFORMANCE REVIEW

**8 SEPTEMBER 2020**



# CONTENT

- **RECENT REGULATORY DEVELOPMENTS**
- **IMPACT ON CREDIT PERFORMANCE**
- **EVIDENCE FROM LOAN LEVEL DATA**



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**USMAN JAMIL**  
**EUROPEAN DATAWAREHOUSE**

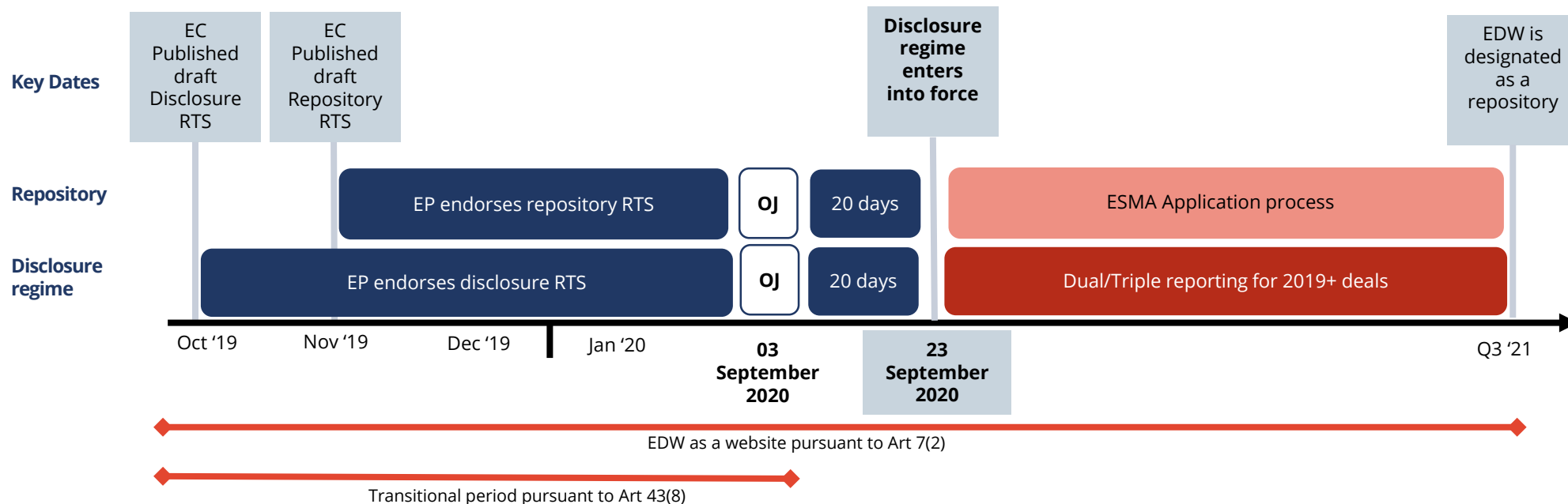
✉ [Usman.Jamil@eurodw.eu](mailto:Usman.Jamil@eurodw.eu)

# RECENT REGULATORY DEVELOPMENTS

**MARCO ANGHEBEN**

# REGULATORY TIMELINE IN 2019-2021

## Repository & disclosure regime



EC: European Commission

EP: European Parliament

ESMA: European Securities and Markets Authority

OJ: Official Journal of the European Union – publication of the Level 2 of the RTS following the translation into the national languages of the European Union

RTS: Regulatory Technical Standards

# PUBLICATION OF THE PENDING RTS/ITS IN THE OFFICIAL JOURNAL OF THE EU

- On 3 September 2020, the pending Regulatory and Implementing Technical Standards (RTS/ITS) of the Securitisation Regulation (EU) 2017/2402 were published in the Official Journal (OJ)
- These include:
  - RTS/ITS on disclosure requirements
  - RTS/ITS on the Securitisation Repository (SR) registration
  - RTS on SR operations standards
  - RTS/ITS on STS Notifications
- The date of entry into force for the published RTS/ITS under the Securitisation Regulation is 23 September 2020

<h1>Official Journal</h1>		L 289
of the European Union		
		
English edition	Legislation	Volume 63 3 September 2020
Contents		
II Non-legislative acts		
REGULATIONS		
★ Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitisation to be made available by the originator, sponsor and SSPE (*).....		1
★ Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardised templates for making available the information and details of a securitisation by the originator, sponsor and SSPE (*).....		217
★ Commission Delegated Regulation (EU) 2020/1226 of 12 November 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council laying down regulatory technical standards specifying the information to be provided in accordance with the STS notification requirements (*).....		285
★ Commission Implementing Regulation (EU) 2020/1227 of 12 November 2019 laying down implementing technical standards with regard to templates for the provision of information in accordance with the STS notification requirements (*).....		315
★ Commission Implementing Regulation (EU) 2020/1228 of 29 November 2019 laying down implementing technical standards with regard to the format of applications for registration as a securitisation repository or for extension of a registration of a trade repository pursuant to Regulation (EU) 2017/2402 of the European Parliament and of the Council (*).....		330
★ Commission Delegated Regulation (EU) 2020/1229 of 29 November 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on securitisation repository operational standards for data collection, aggregation, comparison, access and verification of completeness and consistency (*).....		335

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2020:289:FULL&from=EN>

# ENTRY INTO FORCE OF THE SECURITISATION REGULATION REQUIREMENTS

- ESMA has confirmed that the date of entry into force for the published RTS/ITS under the Securitisation Regulation is 23 September 2020
- European DataWarehouse (EDW) intends to submit its application to ESMA on the date the RTS will enter into force.
- In the meantime, EDW already serves the securitisation market as a website compliant with the requirements set out in Article 7 (2) of the Securitisation Regulation (EU) 2017/2402.

## ESMA CONFIRMS SECURITISATION REGULATION REQUIREMENTS ENTRY INTO FORCE ON 23 SEPTEMBER 2020

04 September 2020

### SECURITISATION

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, confirms that the different elements of the new regime under the Securitisation Regulation will come into force on 23 September 2020.

This follows the publication of seven technical standards implementing the Securitisation Regulation in the Official Journal of the European Union. The publication of the technical standards triggers

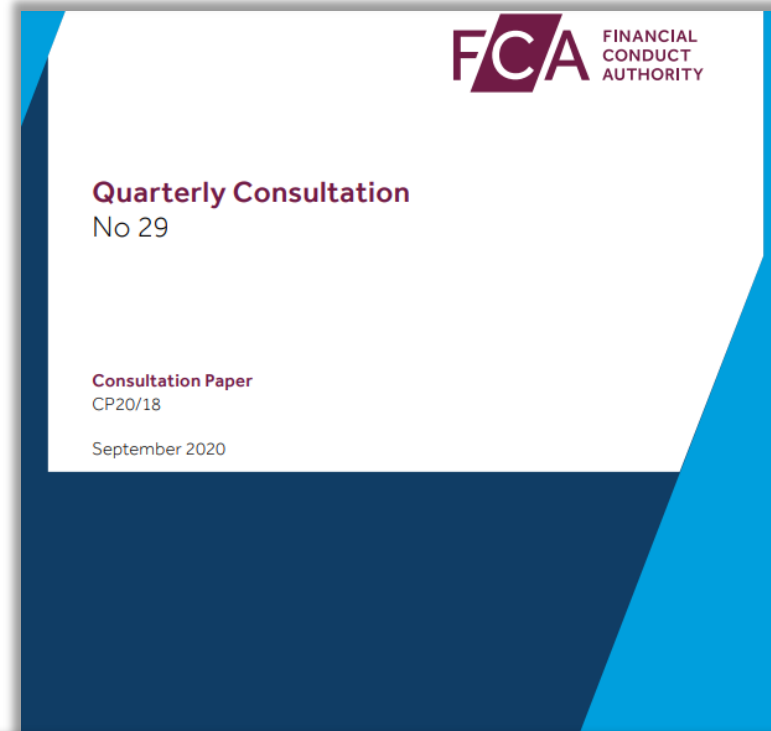
- Opening of applications for entities to register as Securitisation Repository (SR); and
- Entry into force of new disclosure templates

Opening of applications for entities to register as SR

<https://www.esma.europa.eu/press-news/esma-news/esma-confirms-securitisation-regulation-requirements-entry-force-23-september>

## FCA QUARTERLY CONSULTATION NO 29 – CP20/18

- On 4 September 2020, FCA published the Quarterly Consultation No 29 which includes proposals in a number of Binding Technical Standards (BTS) to address the deficiencies which arise as a result of the UK's withdrawal from the EU
- The amendments, which are mostly either consequential on the Securitisation (Amendment) (EU Exit) Regulations 2019 or minor, relate to:
  - transparency requirements;
  - registration of securitisation repositories;
  - STS notification requirements; and
  - risk retention
- The deadlines for comments are:
  - 5 October 2020** for Chapter 3 and the Fees (Credit Rating Agencies, Trade Repositories and Securitisation Repositories) Instrument 2020
  - 4 November 2020** for Chapters 2 and 4



Chapter No	Proposed changes to Handbook	Consultation Closing Period
2	Consequential changes to the Listing Rules (Chapter 8) to align with provisions for 'exempted documents' under the Prospectus Regulation	Two months
3	Changes to Article 34 of the UK-RTS	One month
4	Onshoring changes to the FCA Handbook for legislative provisions and/or relevant technical changes needed to our rules as a result of onshoring over the transition period for EU withdrawal	Two months

<https://www.fca.org.uk/publication/consultation/cp2018-quarterly-consultation-paper-no-29.pdf>

# **IMPACT ON CREDIT PERFORMANCE**

**STEVE WEBBER**



# CONSUMER CREDIT PERFORMANCE

- Social and humanitarian crisis unlike any other
- Massive government intervention
- Unprecedented impact on financial markets
- Economic Impact
  - Double digit falls in GDP
- Impact on Credit
  - Cushioned by policy response
  - Spreads have stabilised
- Transaction / Ratings Performance
  - Better positioned to withstand stress
  - Downgrades focused on lower rated tranches, deal specific
  - Ratings approach adapting
- Deal Pipeline
  - Trickle of deals
  - Improved pipeline for September

# THE SECURITISATION REGULATION

- Significant Event Reporting
  - Responsibility of issuers to investors
  - Relevant across transaction (assets & liabilities)
- Payment Holidays
  - Different levels seen across jurisdictions & transactions
  - Nature of forbearance necessitates detailed reporting
  - EBA & AFME guidance
- Defaults & Delinquencies
  - Delayed impact
  - Loan level data analysis & roll rates
  - Potential impact on triggers
- Prepayments
  - Significant falls already seen
  - Potential wave of refinancing
  - Pent-up demand



- Regular update and review of data and information
- Availability and quality of data and reporting
- Stress Testing

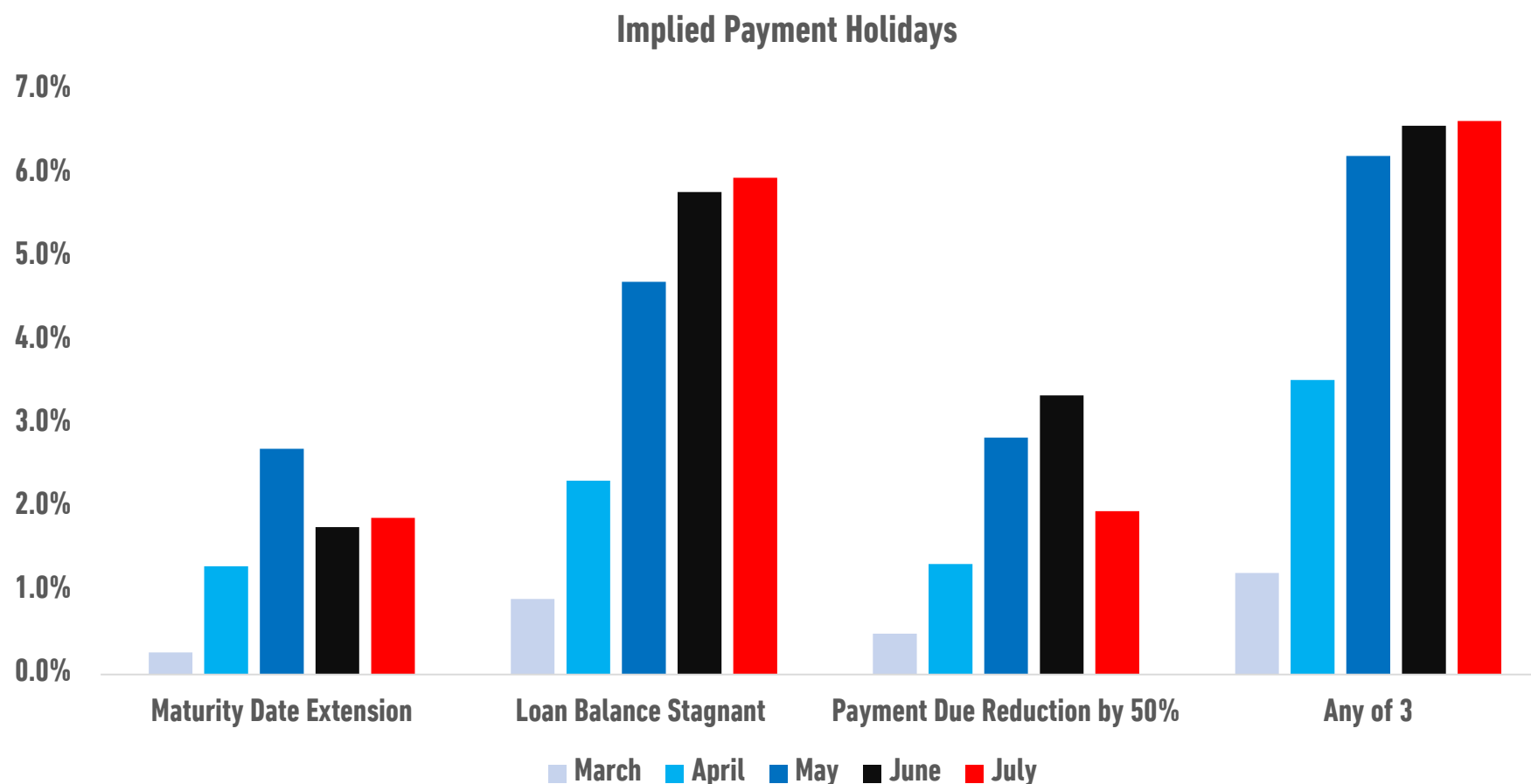
## FAST FORWARD 6 MONTHS...

- Continued volatility
- Greater differentiation across deals
  - Arrears & defaults – servicing and collections
  - STS and central bank eligibility
  - Commitment from issuers
- Risks – Second wave, Brexit
- Emphasis on due diligence
- Emerging themes
  - Credit quality v. yield, trade off
  - Government /Regulatory support (e.g. NPLs and synthetic deals)
  - Green assets

# EVIDENCE FROM LOAN LEVEL DATA

**USMAN JAMIL**

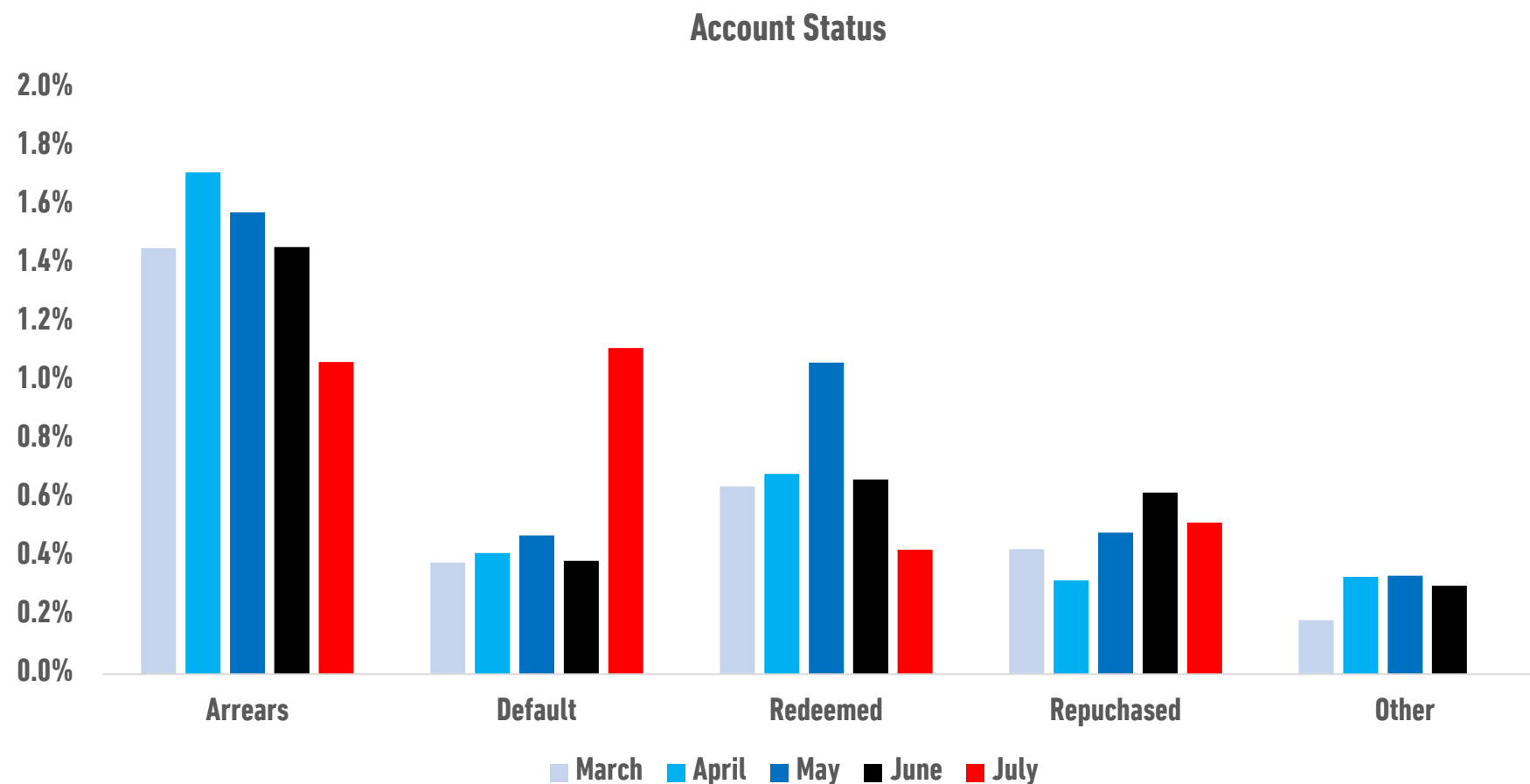
# RMBS INSIGHTS – EU LEVEL



Source: European DataWarehouse data & calculations

SEPTEMBER 2020

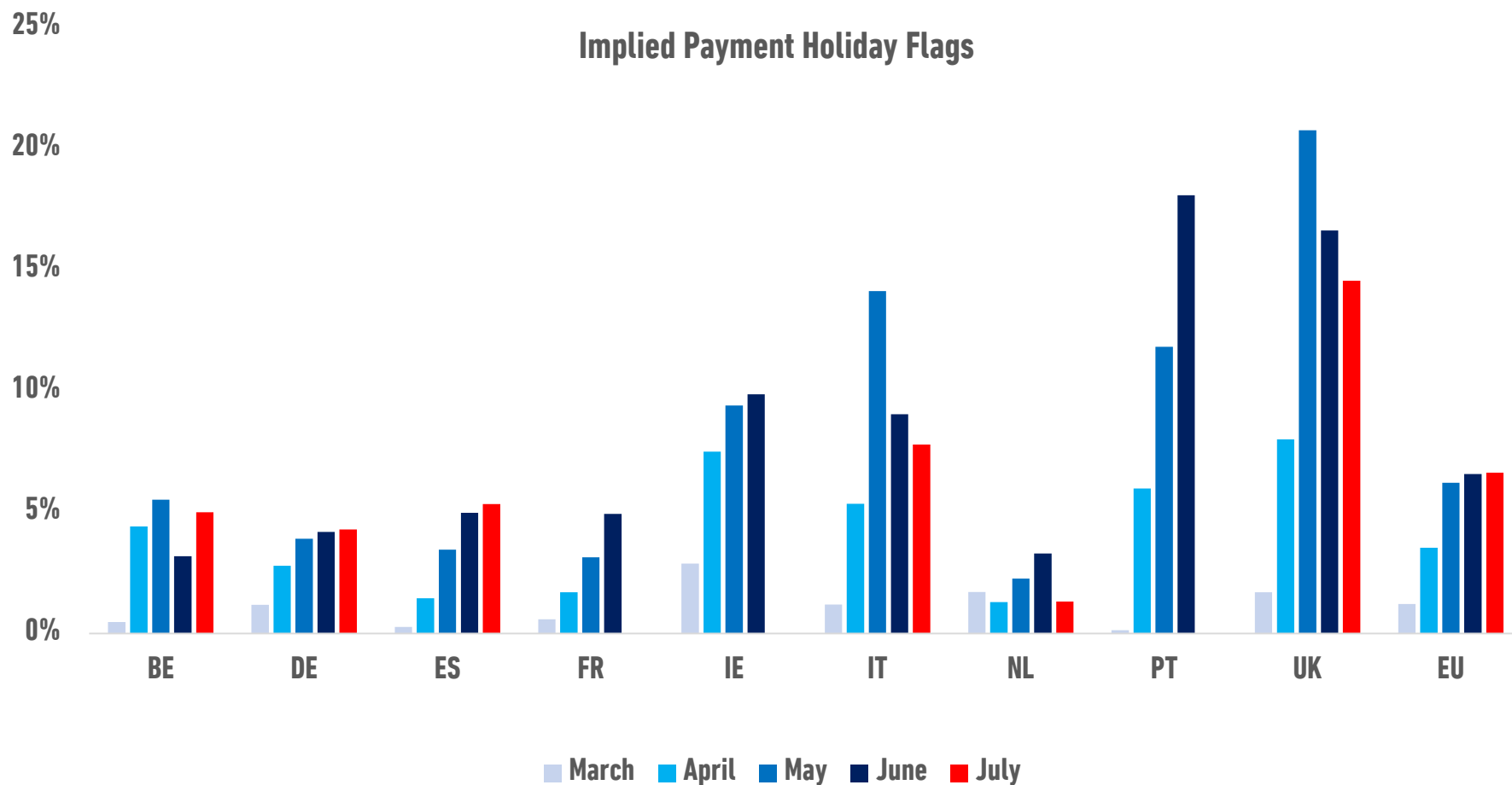
# RMBS INSIGHTS – EU LEVEL



Source: European DataWarehouse data & calculations

SEPTEMBER 2020

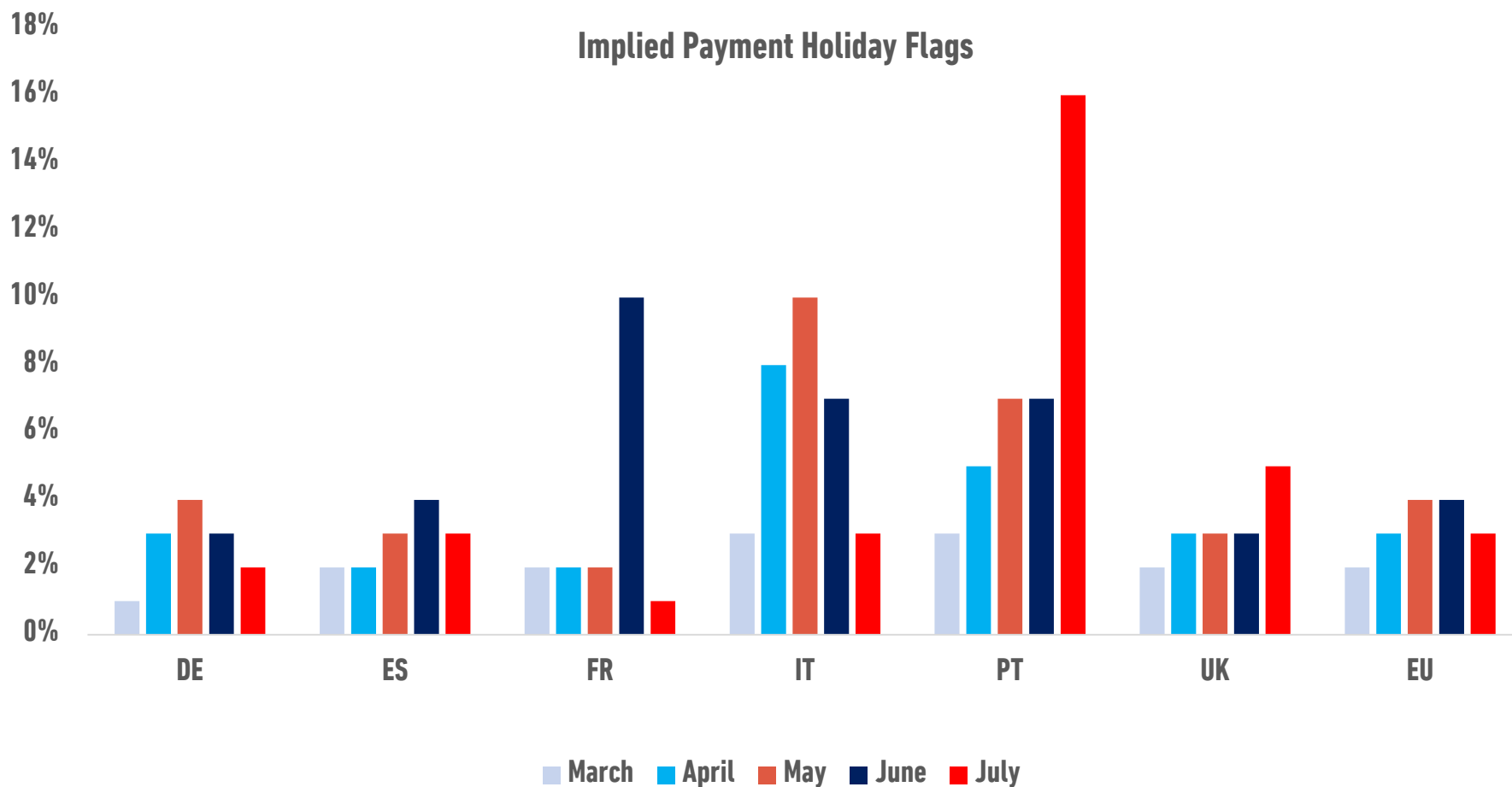
## RMBS INSIGHTS – PER JURISDICTION



Source: European DataWarehouse data & calculations

SEPTEMBER 2020

# AUTO ABS INSIGHTS – PER JURISDICTION

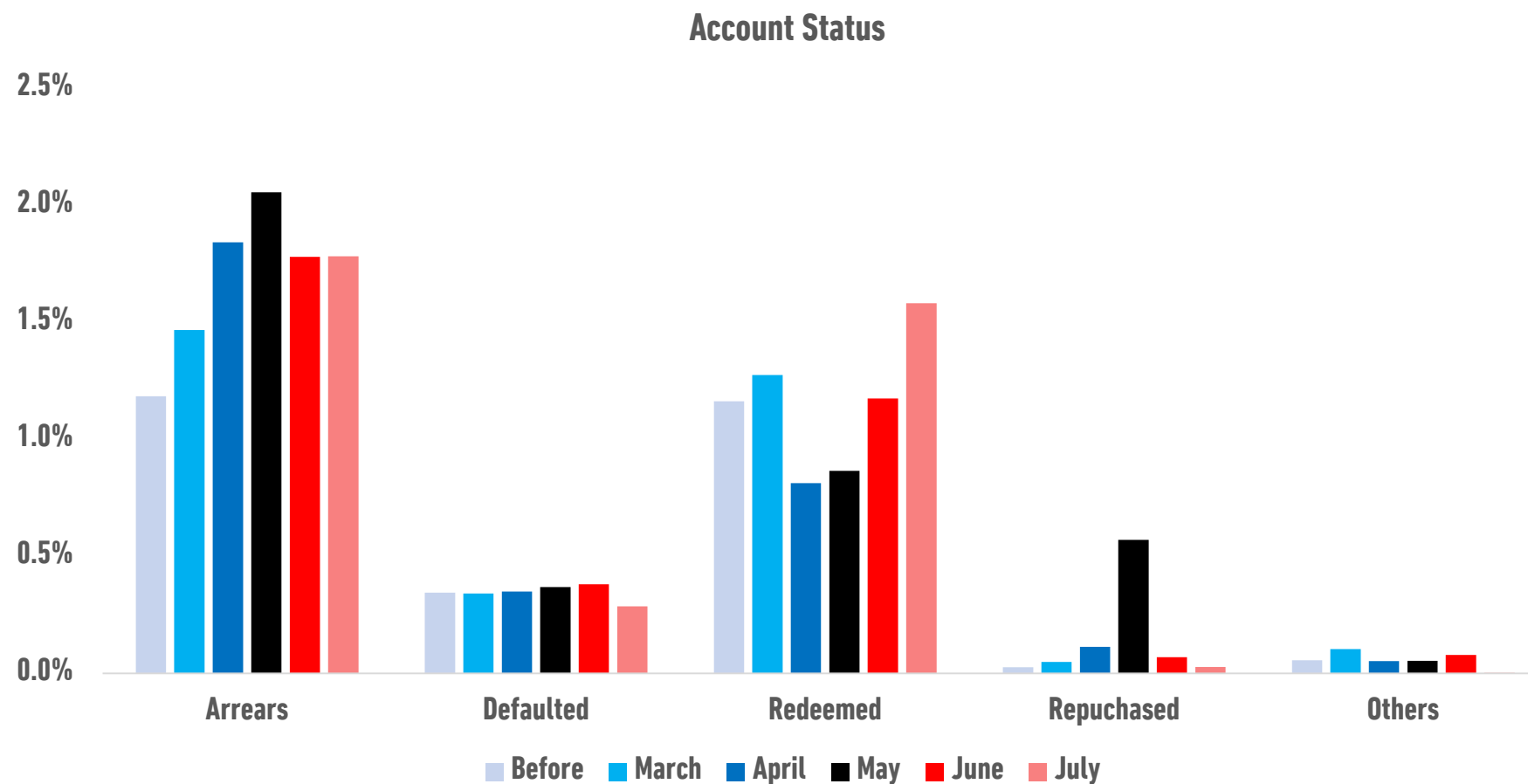


Source: European DataWarehouse data & calculations

SEPTEMBER 2020



# AUTO ABS INSIGHTS – EU LEVEL

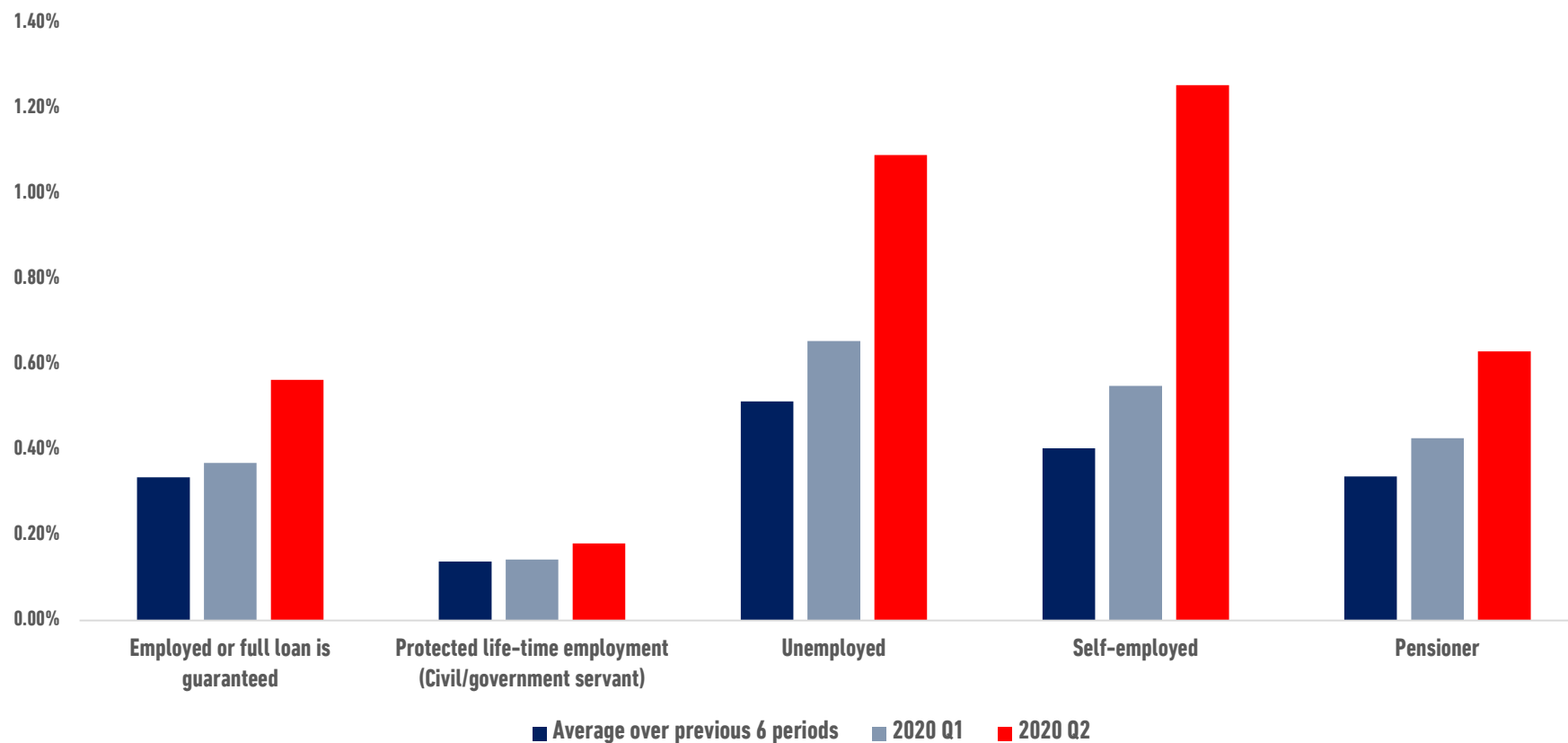


Source: European DataWarehouse data & calculations

SEPTEMBER 2020

# RMBS INSIGHTS - EU LEVEL

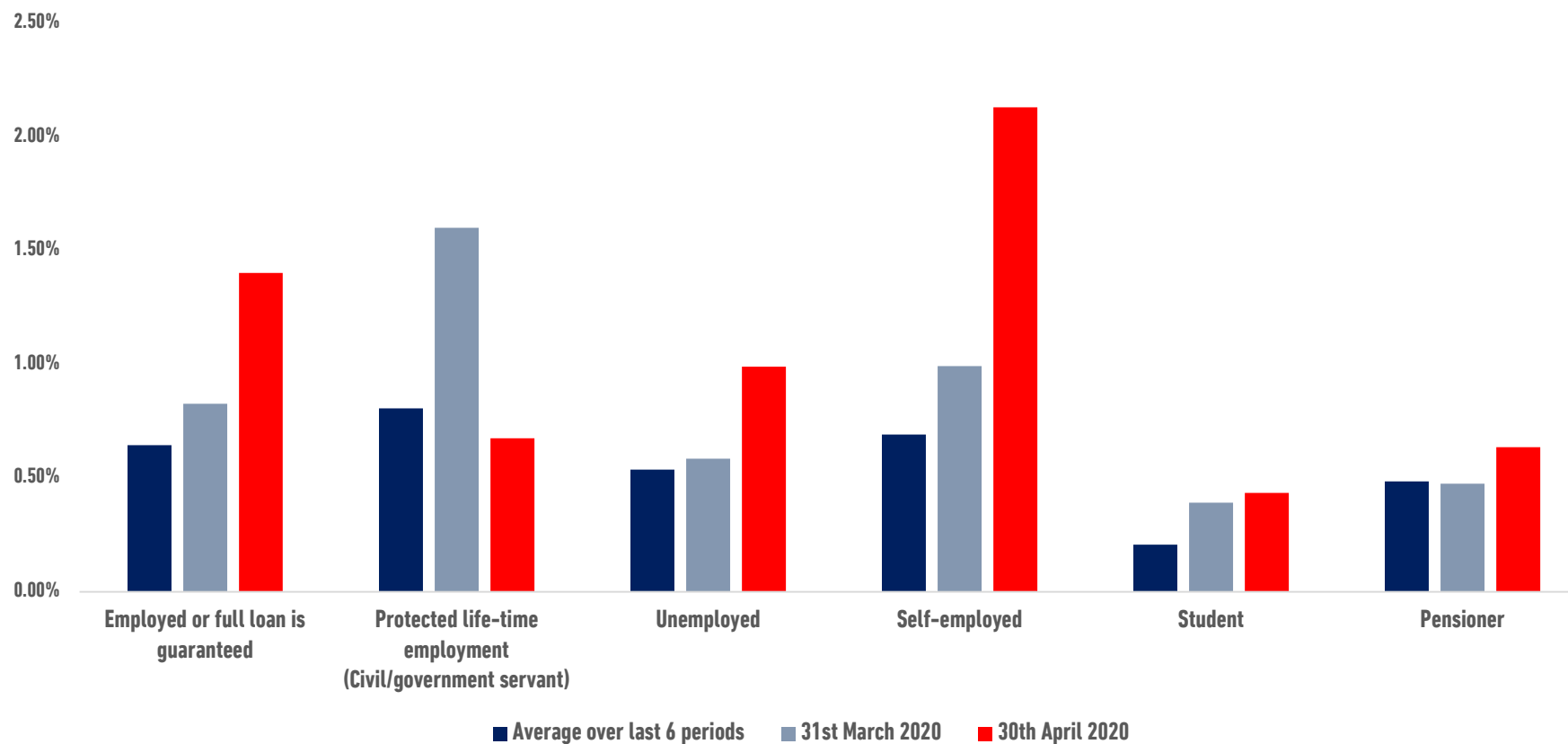
## NEW DELINQUENCIES BY EMPLOYMENT STATUS



*Source: European DataWarehouse data & calculations*

# CONSUMER ABS INSIGHTS - ITALY

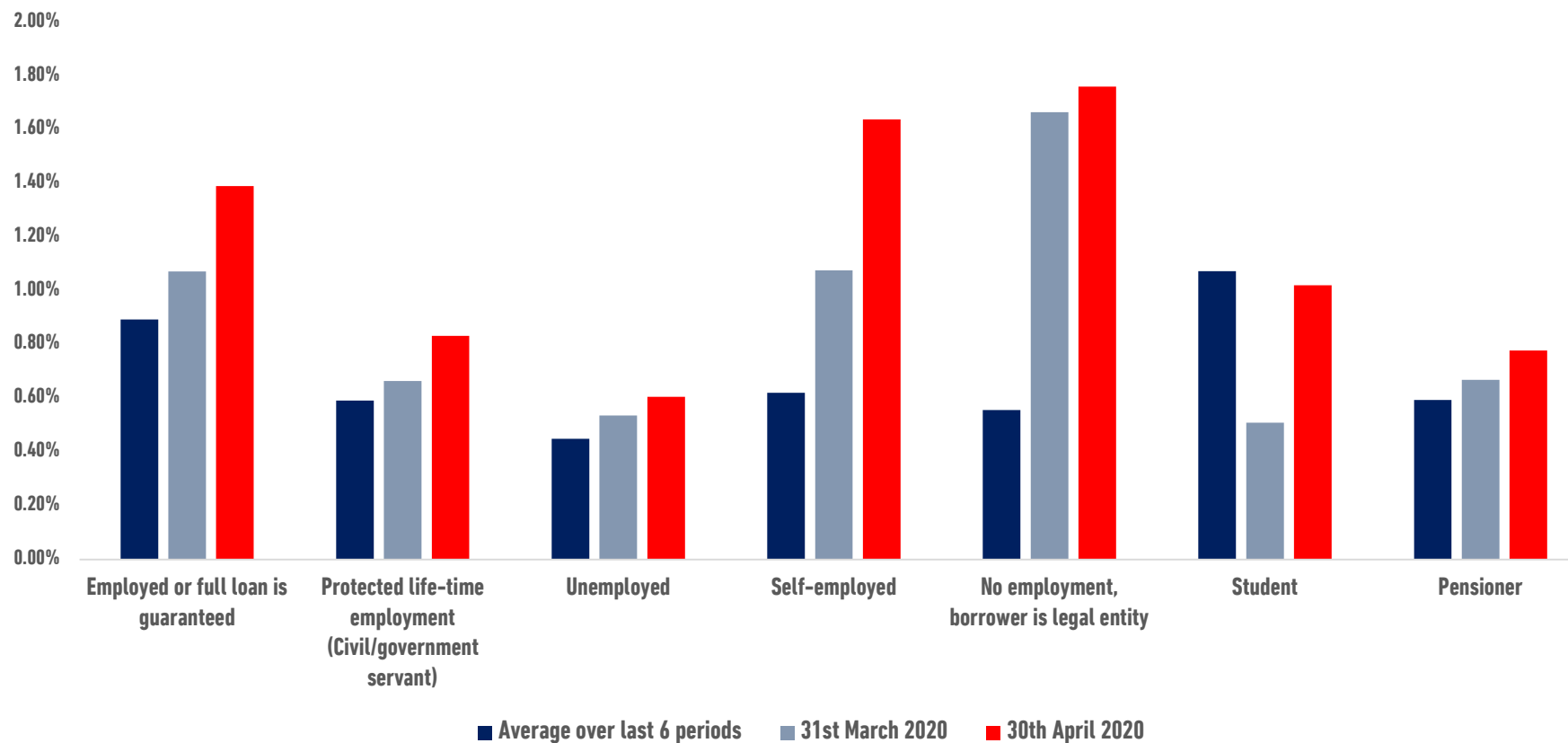
## NEW DELINQUENCIES BY EMPLOYMENT STATUS



Source: European DataWarehouse data & calculations

# CONSUMER ABS INSIGHTS – FRANCE

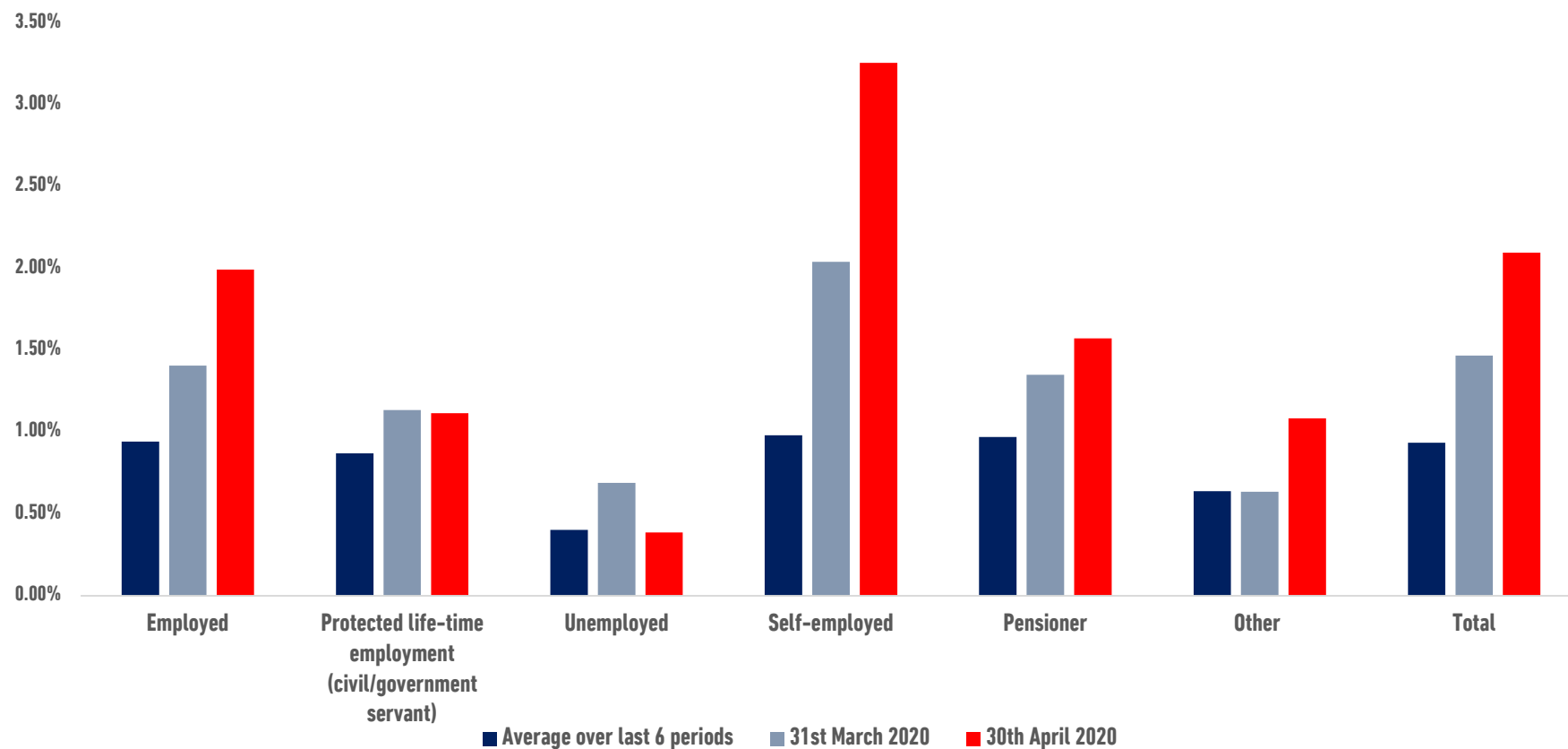
## NEW DELINQUENCIES BY EMPLOYMENT STATUS



Source: European DataWarehouse data & calculations

# CREDIT CARDS ABS INSIGHTS - SPAIN

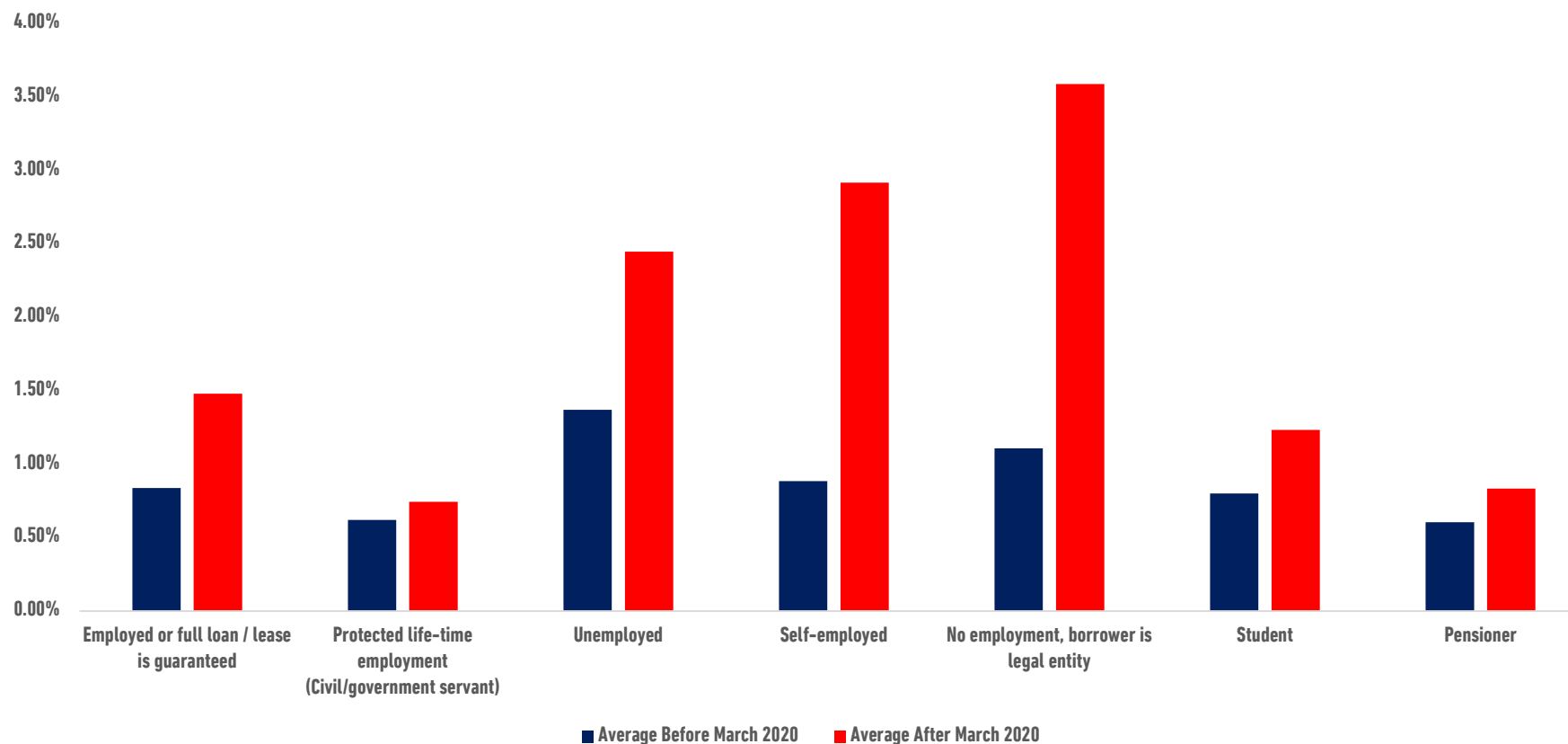
## NEW DELINQUENCIES BY EMPLOYMENT STATUS



Source: European DataWarehouse data & calculations

# AUTO ABS INSIGHTS – GERMANY

## IMPLIED HOLIDAYS BY EMPLOYMENT STATUS

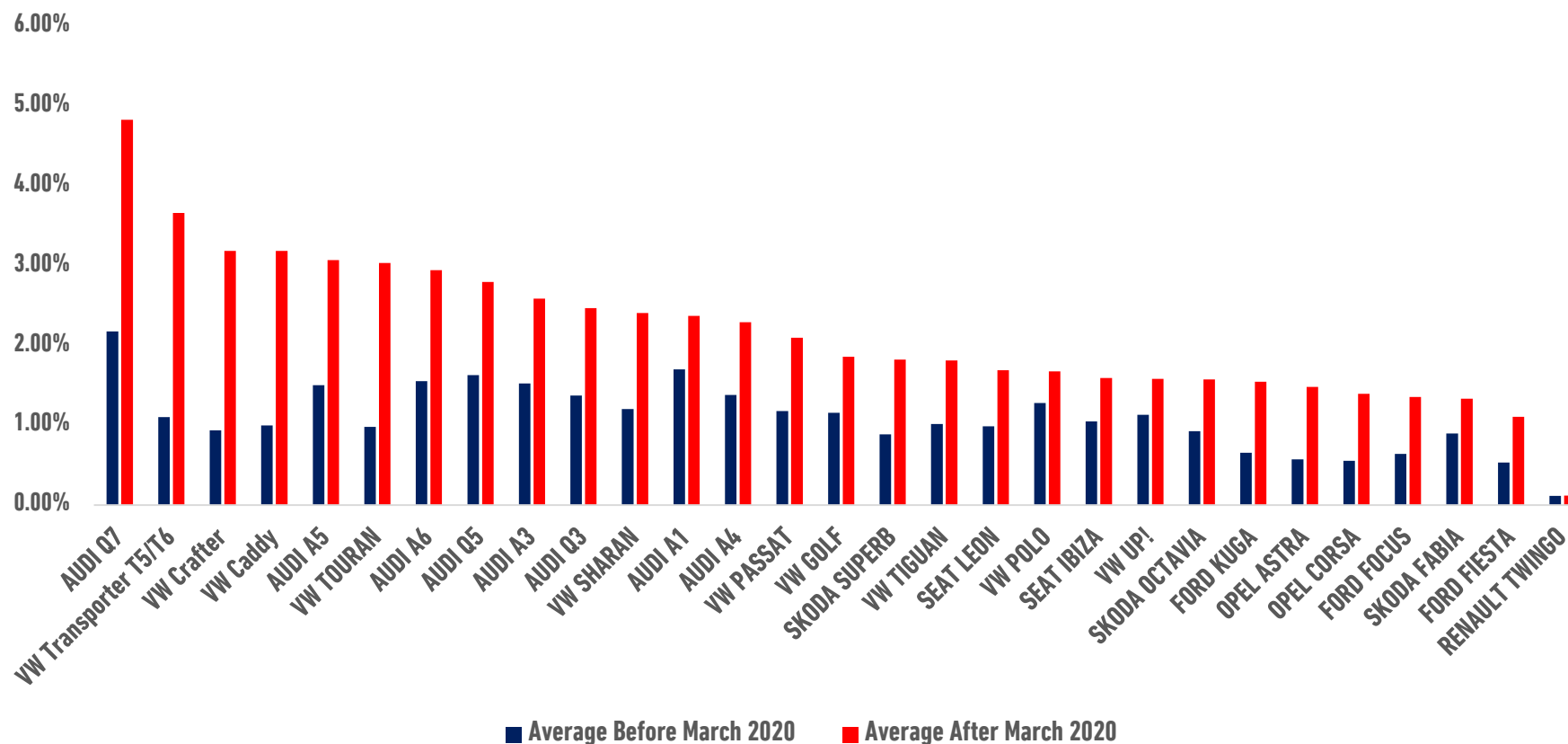


*Source: European DataWarehouse data & calculations*

SEPTEMBER 2020

# DIGGING DEEPER – AUTO ABS GERMANY

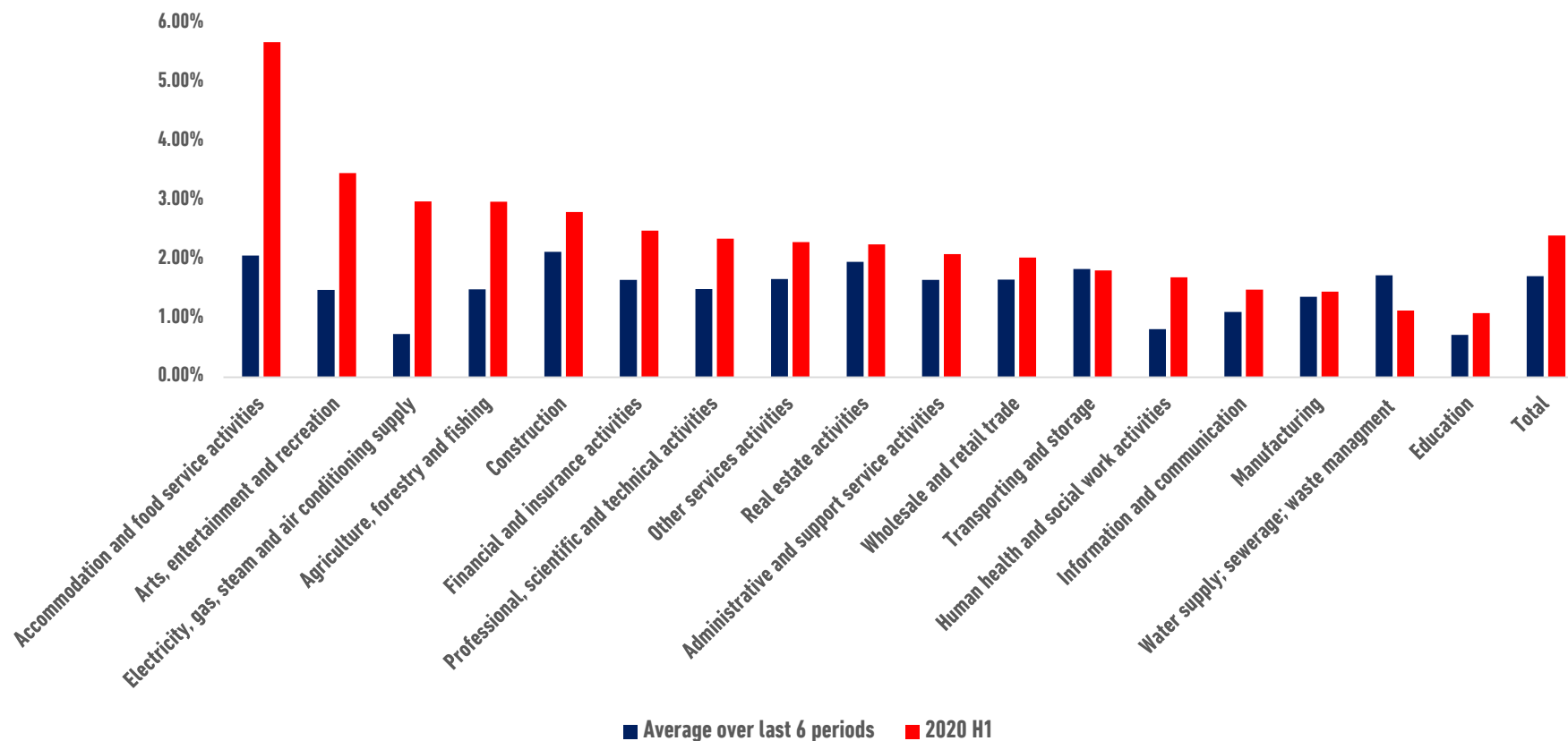
## IMPLIED HOLIDAYS BY CAR MODEL



Source: European DataWarehouse data & calculations

# SME ABS INSIGHTS - ITALY

## NEW DELINQUENCIES BY INDUSTRY



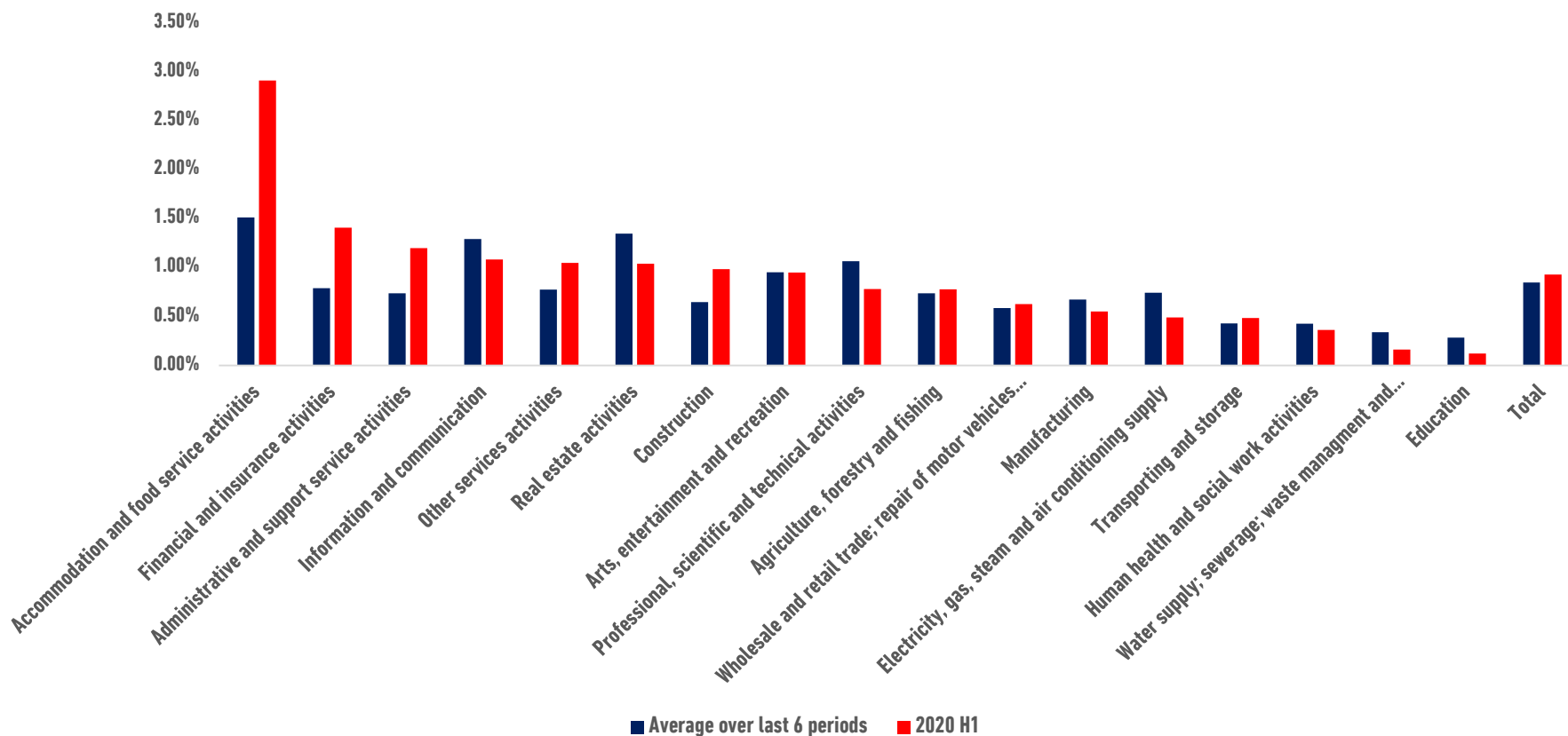
Source: European DataWarehouse data & calculations

SEPTEMBER 2020



# SME ABS INSIGHTS - BELGIUM

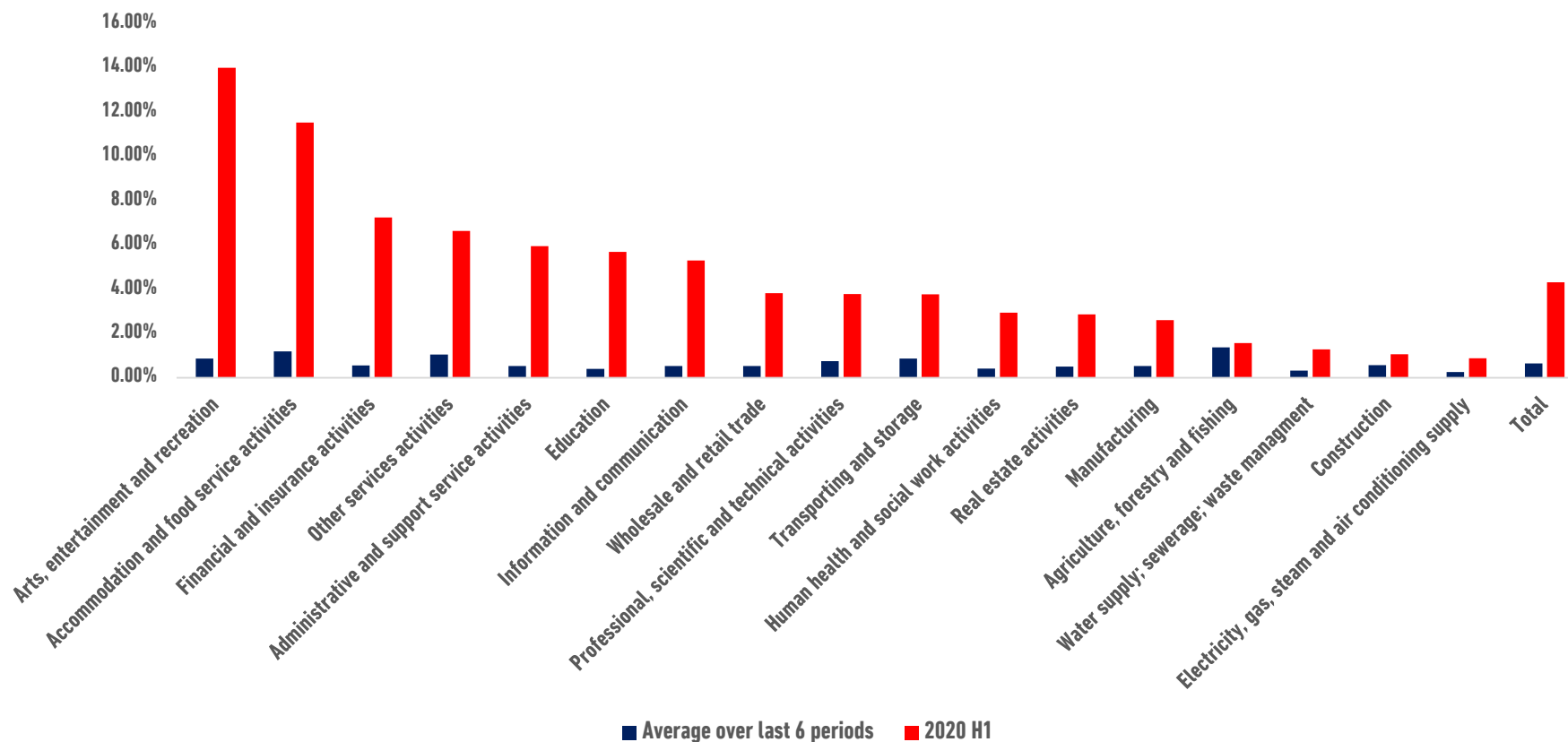
## NEW DELINQUENCIES BY INDUSTRY



Source: European DataWarehouse data & calculations

# LEASING ABS INSIGHTS - GERMANY

## NEW DELINQUENCIES BY INDUSTRY



Source: European DataWarehouse data & calculations

# UPCOMING WEBINARS AND EVENTS

Registration links available at <https://eurodw.eu/news-events-and-multimedia/events/>

<b>14 September</b>	<b>Regulatory Update</b>
<b>15-17 September</b>	<b>Global ABS Online</b>
<b>1-2 October</b>	<b>TSI Online and in Berlin</b>
<b>13 October</b>	<b>UK Virtual Workshop</b>
<b>15 October</b>	<b>Italian Virtual Workshop</b>
<b>20 October</b>	<b>German Virtual Workshop</b>
<b>22 October</b>	<b>Spanish Virtual Workshop</b>
<b>03 November</b>	<b>Dutch Virtual Workshop</b>
<b>05 November</b>	<b>French Virtual Workshop</b>
<b>10 November</b>	<b>Portuguese Virtual Workshop</b>
<b>12 November</b>	<b>Irish Virtual Workshop</b>

# THANK YOU//CONTACT US

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