

VIRTUAL CLIENT UPDATE

25 APRIL 2024



AT TODAY'S UPDATE



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AGENDA

- **WELCOME & INTRODUCTION**
- **“WIND OF CHANGE” - POLITICAL PERSPECTIVES ON SECURITISATION**
- **EDW CORPORATE UPDATE AND Q1 RECAP**
- **PRODUCT UPDATE AND NEW FEATURES**
- **UPDATE ON DATA QUALITY**
- **SUSTAINABLE FINANCE PROJECTS: ENGAGE FOR ESG & GREEN AUTO SECURITISATION**
- **Q&A, CLOSING REMARKS**

“WIND OF CHANGE” - NEW PERSPECTIVES ON SECURITISATION

EUROPE'S SECURITISATION MARKET GAINS SUPPORT (1)

A Kantian shift for the capital markets union

Speech by Christine Lagarde, President of the ECB, at the European Banking Congress

Frankfurt am Main, 17 November 2023

In 1844, the American poet Ralph Waldo Emerson observed that “rather than a magician’s rod in its power to evoke the sleeping energies of land and sea, we have a more powerful in our bank-based financial system.”^[1]

A genuine CMU would mean building a sufficiently large securitisation market allowing banks to transfer some risk to investors, release capital and provide additional lending. In the United States, banks have access to a market that is three times the size of Europe’s. This could be even more powerful in our bank-based financial system.

ENRICO LETTA

bankerverband

Position paper

of the Association of German Banks on securitisations

9 April 2024

Nicole Quade
Director
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In summary, we believe there is a need for a comprehensive evaluation of the entire securitisation process, particularly for securitisations of portfolios which could be useful for the transformation. Isolated measures will not boost the securitisation market. In order to be able to overcome the challenges expected from the sustainable and digital transformation, we should be laying the foundations today, so we can make a contribution tomorrow. The specifics of the European markets need to be taken into account when doing so. The securitisation process must be made fit for the future, production costs need to fall and processes need to be optimised.

M
M
THE
MARKET

SPEED, SECURITY, SOLIDARITY

Securitization: Securitization acts as a unique link between credit and capital markets. In this sense, the securitization market offers significant potential. Increasing its utilization brings two key benefits: i) broadening and diversifying the pool of assets available for investment, and ii) unlocking banks' balance sheet capacity to facilitate additional financing. Moreover, the adoption of green securitization, whether through securitizing green assets or directing securitization proceeds towards green financing, holds promise as a significant contributor to the transition towards sustainability. Therefore, we advocate for reforms in the European securitization framework to enhance its accessibility and effectiveness.

EUROPE'S SECURITISATION MARKET GAINS SUPPORT (2)



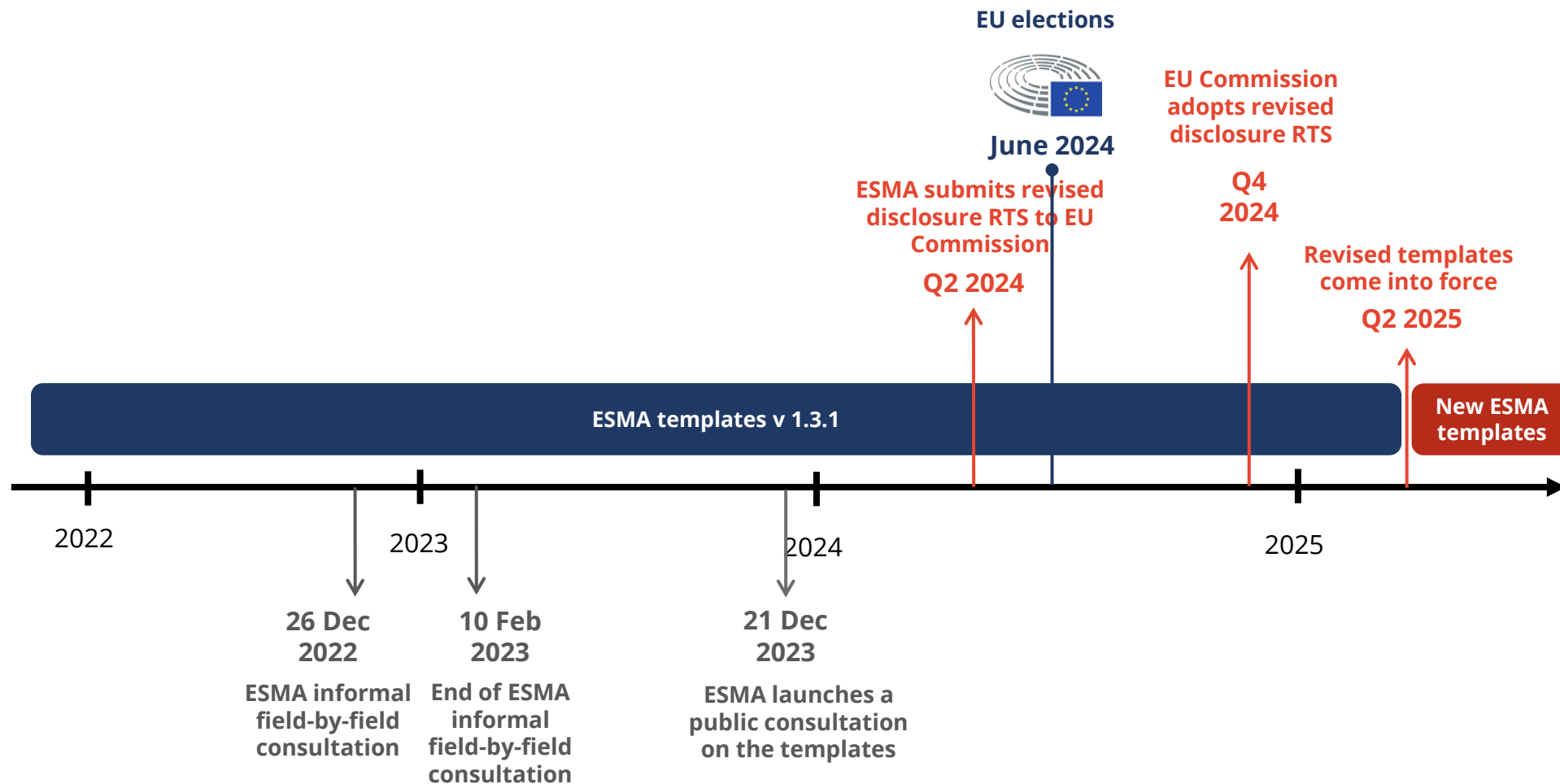
3. Bold and decisive action is essential to revive the securitisation market

3.1 Securitisation is an essential tool for the efficient allocation of risk, which remains largely underexploited in Europe

3.2 The first priority is to quickly adjust the regulatory and prudential framework for securitisation

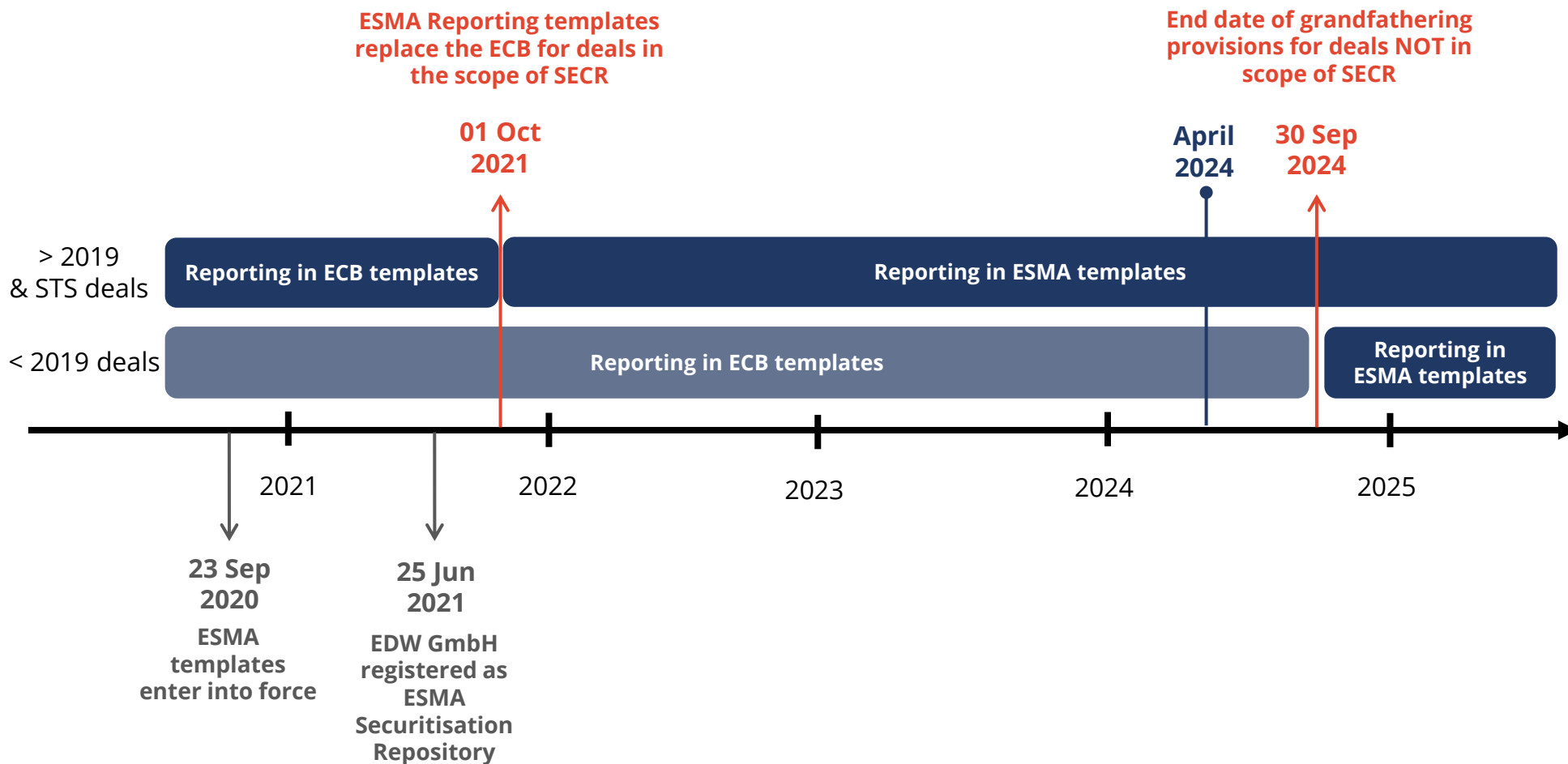
3.3 In addition to these regulatory and prudential measure, a securitisation platform could be a powerful tool to deepen EU capital markets

ESMA'S REVIEW OF THE LOAN-LEVEL SECURITISATION DISCLOSURE TEMPLATES



Source: Timeline is based on EDW estimates

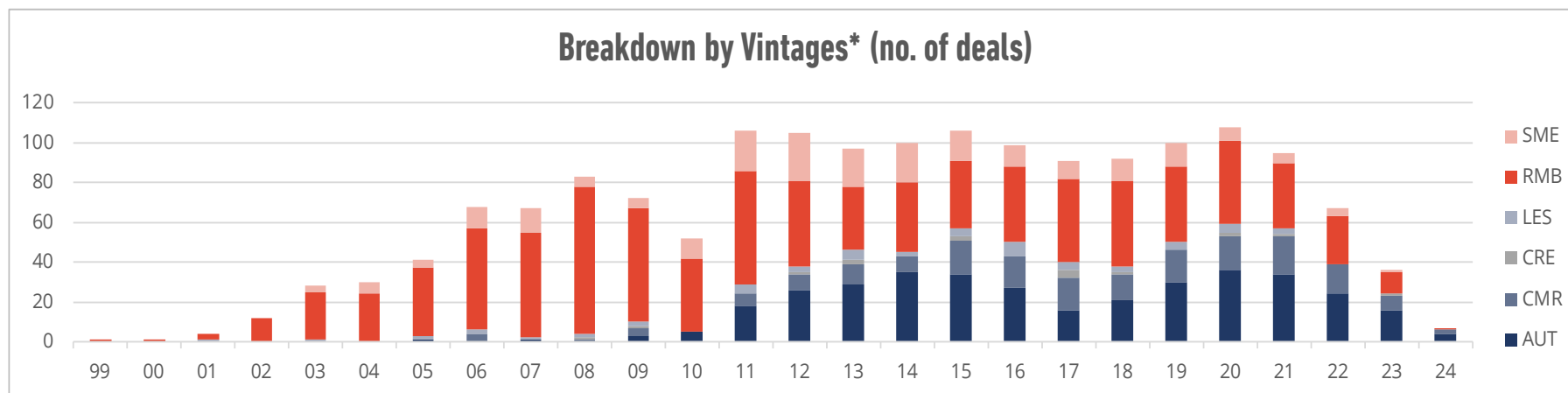
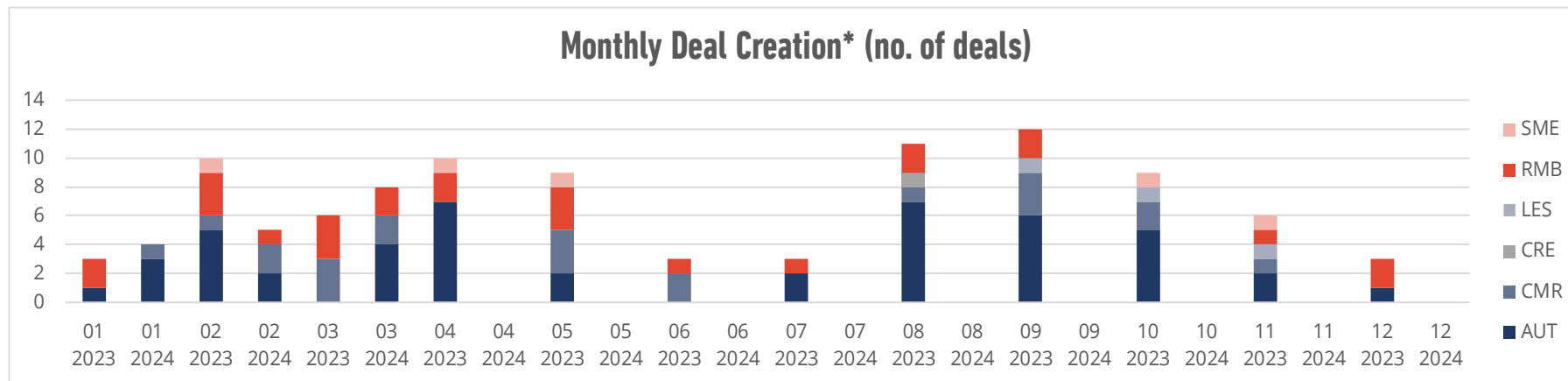
CHANGES TO THE EUROSYSTEM'S LOAN-LEVEL DATA REQUIREMENTS



Source: Timeline is based on the information provided in the ECB [press release](#) as of 28 June 2021

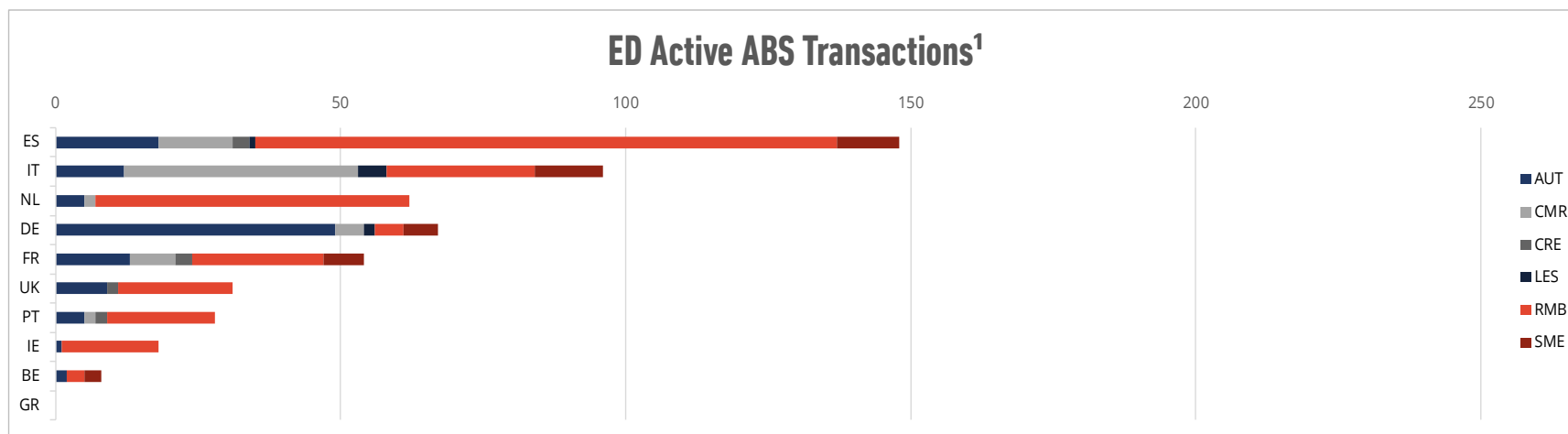
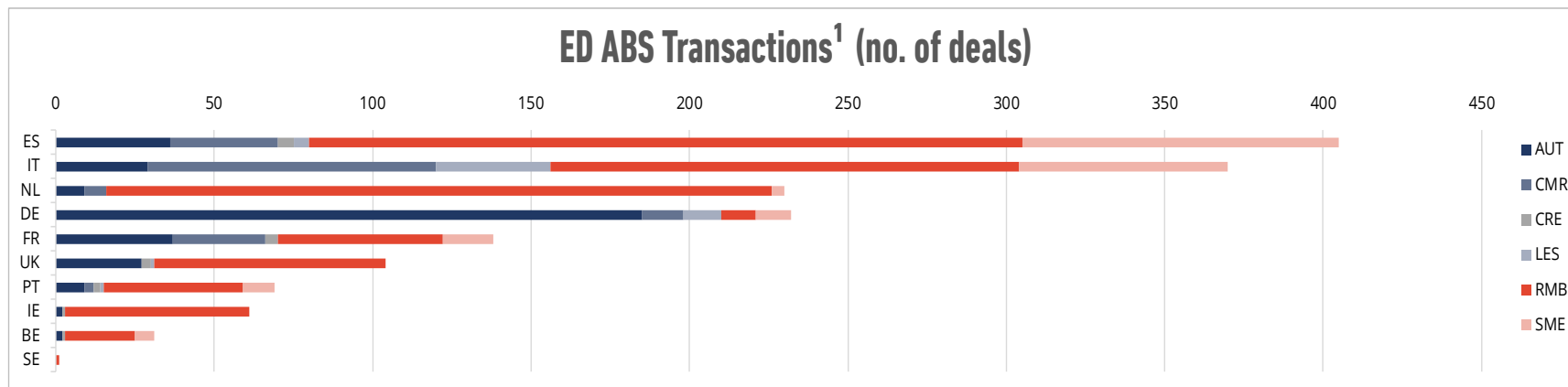
EDW CORPORATE UPDATE AND Q1 RECAP

DATASET COMPOSITION AS OF 31 MAR 2024



Source: European DataWarehouse

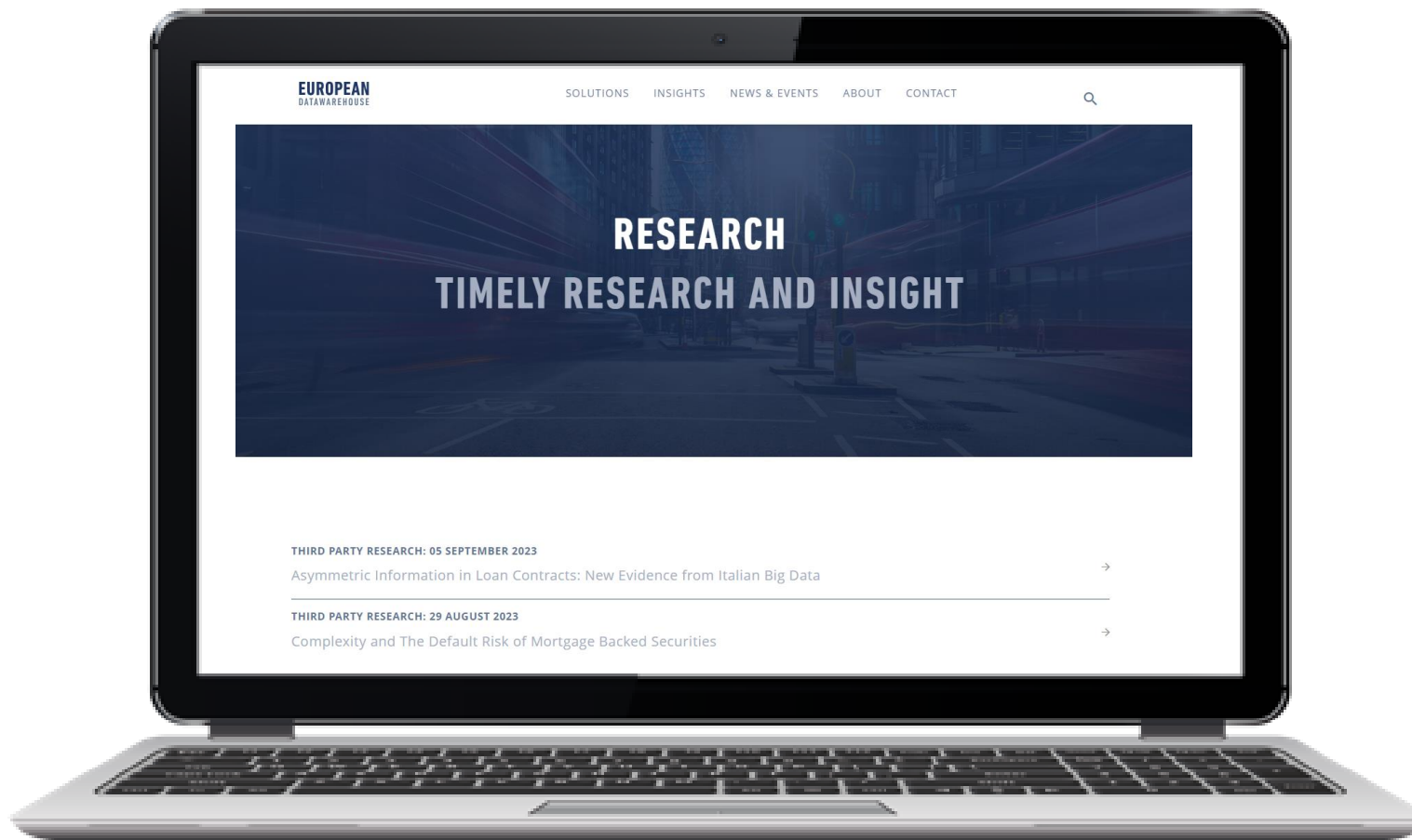
DATASET COMPOSITION AS OF 31 MAR 2024



¹ Austria, Norway, Finland and Luxembourg are not included in the chart

RESEARCH SECTION

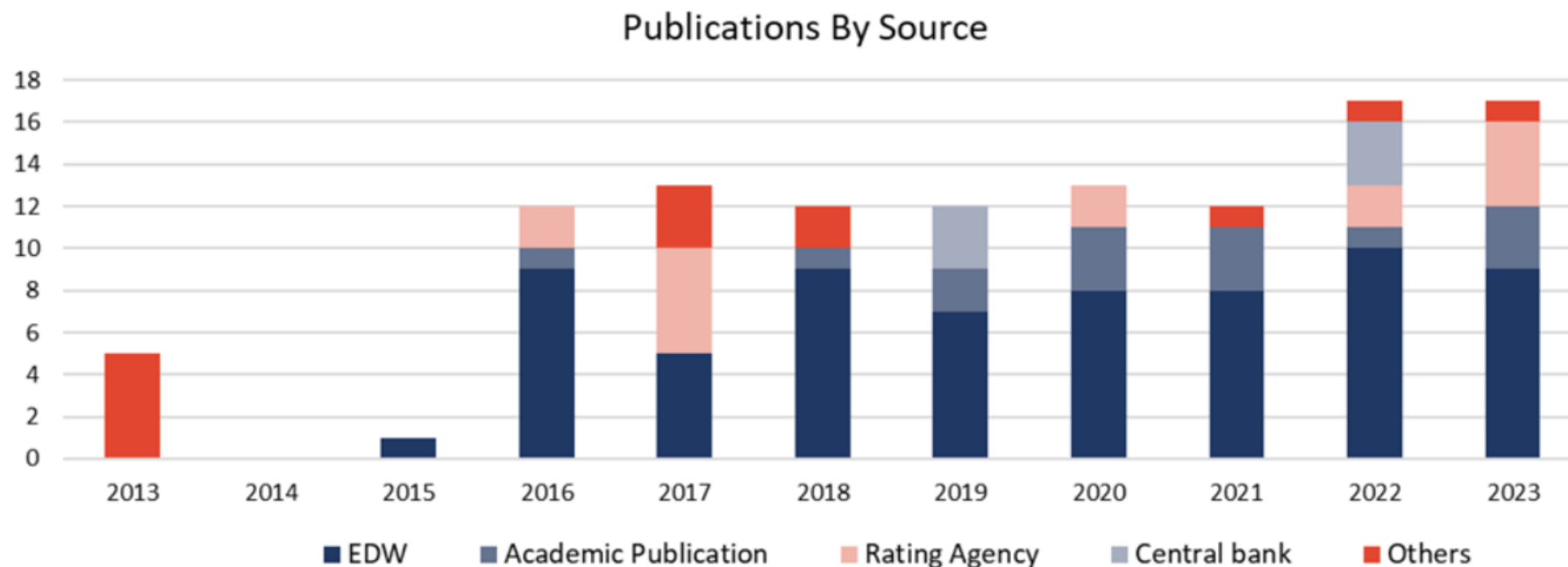
Our own publications, plus third-party research <https://eurodw.eu/knowledge/research/>



<https://eurodw.eu/knowledge/magazine/>

BLOG ON PUBLICATIONS INVENTORY (1)

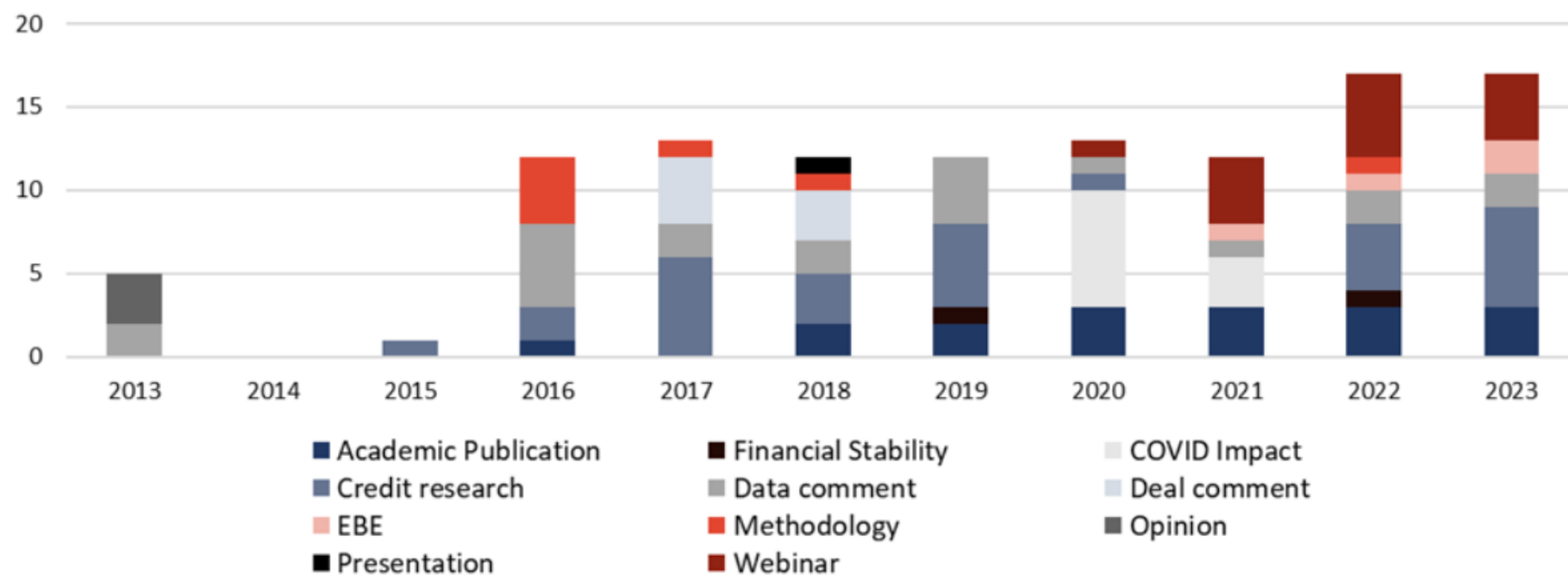
EDW Publication Inventory - Showcasing Loan-Level Insight Beyond the Field of Securitisation - European DataWarehouse (eurodw.eu)



BLOG ON PUBLICATIONS INVENTORY (2)

EDW Publication Inventory - Showcasing Loan-Level Insight Beyond the Field of Securitisation - European DataWarehouse (eurodw.eu)




Publications By Type/Topic



EUROPEAN BENCHMARKING EXERCISE – UPDATED REPORT ON PRIVATE DEALS

The 5th update of the European Benchmarking Exercise is a joint publication from AFME, TSI and EDW

[EBE 2023-H1 Report 20240311.pdf \(eurodw.eu\)](#)

		
<p>European Benchmarking Exercise (EBE) for Private Securitisations</p> <p>-</p> <p>Report of H1-2023 Results (11 March 2024)</p>		
Table of Contents		
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EBE HIGHLIGHTS – UPDATED REPORT ON PRIVATE DEALS

		2023-06	2022-12	2022-06	2021-12	2021-06	Δ_p	Δ
Number of Participants	#	12	12	12	12	12	0.0%	0.0%
Number of Commitments	#	610	556	525	527	504	9.7%	10.5%
Committed Amount	Million EUR	78,590	73,182	67,241	65,064	62,814	7.4%	12.6%
Funded Amount	Million EUR	57,748	60,502	56,400	53,009	50,205	-4.6%	7.5%
Utilisation		73.5%	82.7%	83.9%	81.5%	80.0%	-11.1%	-4.1%
Total Asset Amount	Million EUR	184,765	184,159	183,326	173,016	177,329	0.3%	2.1%
Estimated Market Size	Million EUR	209,400	195,669	194,784	183,830	188,412	7.0%	5.6%
Number of Transactions	#	443	433	412	387	404	2.3%	4.8%

Δ =annualised growth rate, ΔP =growth in last period

EDW – UPCOMING EVENTS

Date	
15 May 2024	2024 Portuguese Securitisation Event – Lisbon
22 May 2024	2024 UK Securitisation Event – London
28 May 2024	Q2 Research Update Webinar
29 May 2024	Webinar Series: ENGAGE Templates – Technical Session III
25 June 2024	Webinar Series: ENGAGE Templates – Technical Session IV
24 Sep 2024	Q3 Research Update Webinar
15 Oct 2024	EDW's 2024 Autumn Virtual Update
29 Oct 2024	2024 Dutch Securitisation Event – Amsterdam
05 Nov 2024	2024 Spanish Securitisation Event – Madrid
06 Nov 2024	2024 UK Securitisation Summit – with London Stock Exchange Group (LSEG)
12 Nov 2024	2024 German Securitisation Event – Frankfurt
12 Nov 2024	Securitisation Workshop – with Leibniz Institute for Financial Research SAFE
12 Dec 2024	Q4 Research Update Webinar

PRODUCT UPDATE AND NEW FEATURES

PRODUCT HIGHLIGHTS – DATA OWNERS / DATA PROVIDERS

CSV2XML Converter

- 7-zip password protected file support (*in addition to Digital Signatures*)
- Direct push of converted XMLs to EDITOR
- Support for **Reserve Bank of Australia** Excel to ESMA XML

CONVERT AND UPLOAD TO EDITOR

What would you like to do with the generated XML? Auto-Upload to EDITOR (Publish) ▾

Digital Signature Method Password Protected Zip (7-Zip) ▾

Password-Protected CSV Zip File Choose files Browse

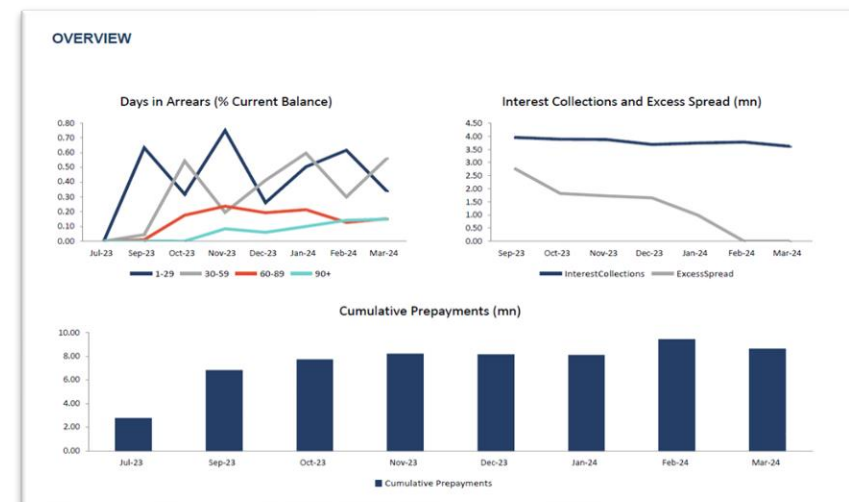
Password for the CSV Zip

Autocorrect GLEIF Name-LEI Mismatch

SUBMIT

EDITOR

- Enhanced document upload experience - no naming conventions and easy categorisation
- New Executive Summary page for Deal Reports



PRODUCT HIGHLIGHTS – DATA USERS

EDW Convenience Pack

- Data Push Service
 - Create a portfolio of deals
 - Choose the data and format (e.g. Loan templates in CSV)
 - Choose delivery frequency and destination (email / SFTP)
- Access to EDW Deal Reports through EDITOR and SFTP
 - Aggregates
 - Benchmarks
 - Strat Tables
 - Transition Matrices

EDW Direct – Database Access

- Query loan level data across ECB, ESMA and FCA templates
- Direct access to Deal Report data tables for subscribers of the EDW convenience pack

CREATE DATA PUSH REQUEST

Query Name
Query Shc

Regime

EU UK

Portfolio

All Deals Asset Class / Jurisdiction Sec ID ISIN

Content & File Type

Templates

Underlying Exposures

Investor Report

Sign. Event / Inside Info

ECB LLD

Other Reports

EDW Deal Report

Frequency of Delivery

Daily Weekly

Channel for Delivery

Email SFTP

UPDATE ON DATA QUALITY

ECB/CEPH LETTER TO EDW



...the CEPH operating team has detected various issues affecting the quality, accuracy, and completeness of the loan-level data reported through ESMA data templates...

ment on the changes to the Eurosystem's loan-level data requirements, eligible to provide information to the Eurosystem according to the procedures and 2 of the Commission Delegated Regulation (EU) 2020/1224. Consequently, Eurosystem to perform its assessment on the eligibility of the ABSs under the framework are the data collected through the templates developed by ESMA.

the CEPH operating team has detected various issues affecting the quality, accuracy, and completeness of the loan-level data reported through ESMA data templates since late 2021. We have drawn issuers' attention to. Specifically, we have noted a large number of fields which are categorized as inadequate use of "no data" and "other" categories, negative values, or inter-field inconsistencies), which prevent the calculation of reliable cash flows for valuation purposes.

Additionally, we would like to remind issuers that climate-related fields, although allowing "no data" answers, are potentially useful for valuation purposes, and as such to encourage them to already collect and provide the information.

Considering EDW's role within the Eurosystem Collateral Framework and as a registered EU securitisation repository, the ECB together with CEPH would invite EDW to undertake a set of initiatives to help improving the data quality. As a means of ensuring that the quality of the loan-by-loan data is adequate, EDW could consider engaging in the following actions:

ive data providers with the aim of highlighting issues identified for a potential correction of the

ABS issuers or their respective data providers if


s related to the performance of the underlying

ance on a quarterly basis, on the progress on a quarterly basis.

contact the ECB (Andres Manzanares andres.manzanares@ecb.europa.eu) or CEPH (Emmanuelle

...we would like to remind issuers that climate-related fields, ..., are potentially useful for valuation purposes, and as such encourage them to already collect and provide the information.

Yours faithfully,


Fernando Manjar
Director, DRM
ECB


Thomas Vlassopoulos
Deputy Director General, DGM
ECB


Marc Baran
Directeur, DRCO
BdF

EUROPEAN DATAWAREHOUSE – PROPRIETARY DATA QUALITY SCORE (DQS)

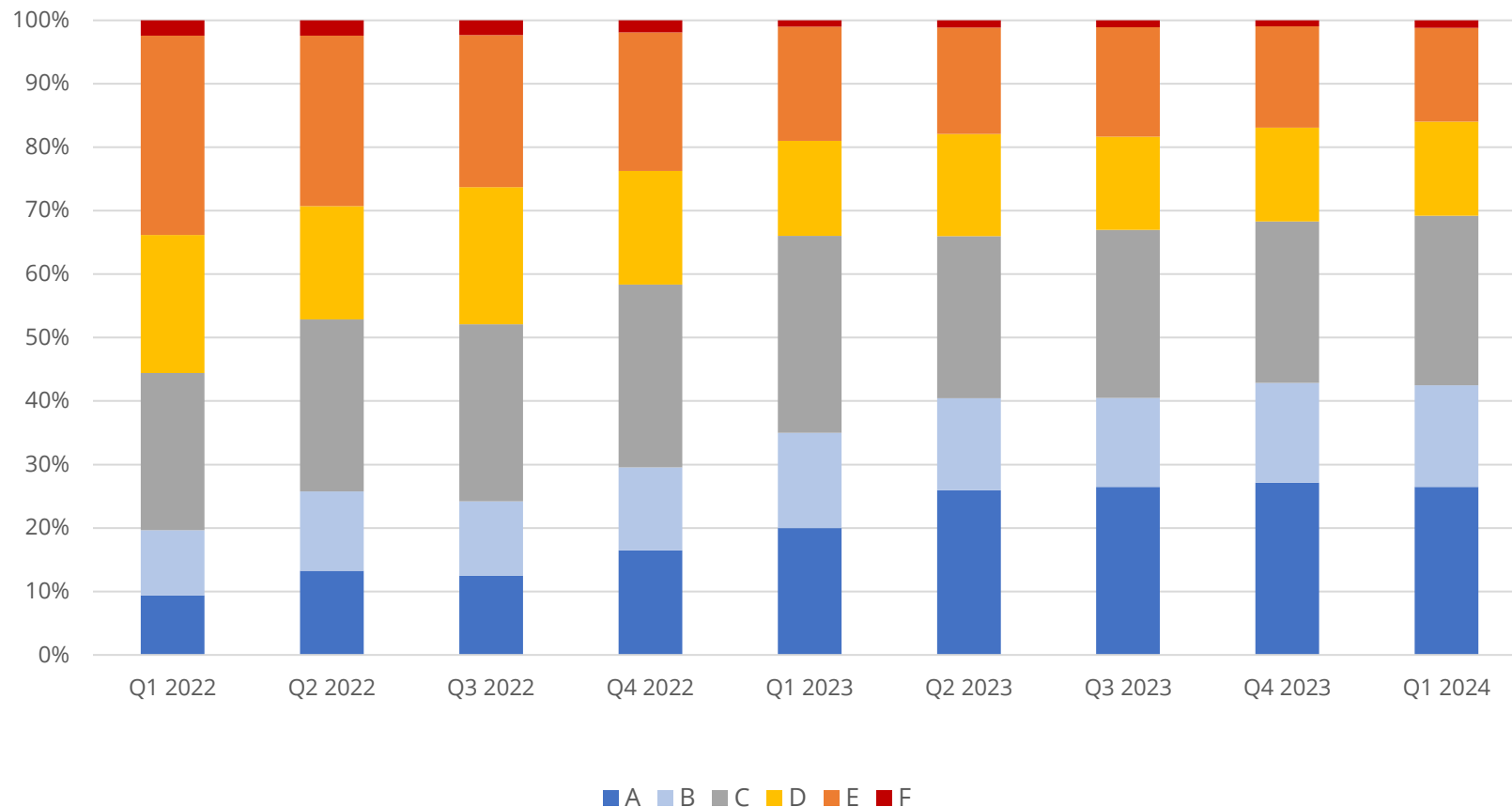
- Automated score based on hard failed rules – subset of EDW Data Quality Plus rules
- Objective and common approach for all deals, jurisdictions and asset classes
- The score is calculated for all deals passing the minimum ESMA validation checks
- Based on the following formula: $\frac{\sum_1^n(F_f)}{n \times MF}$

Where:

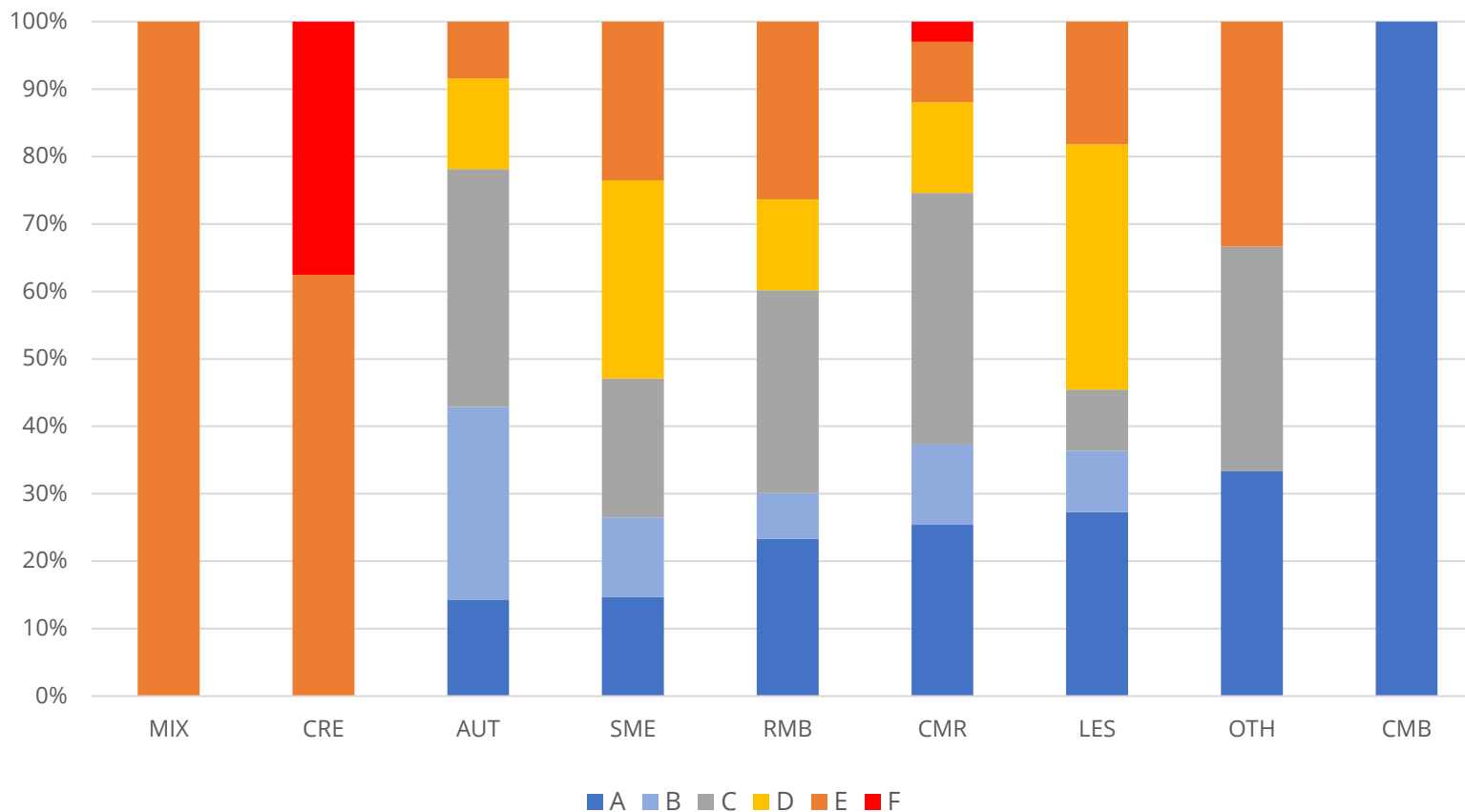
- n is the total number of loans for each relevant field
- F_f represents a field that failed a rule
- MF represents the number of the field for which there is at least one DQS rule. This number is specific per each asset class.

DQS Score	Min. Fail Ratio	Max. Fail Ratio	Ratio
A	0.0000%	0.0001%	Up until 1 in a million
B	0.0001%	0.005%	Up until 5 in 100k
C	0.005%	0.1%	Up until 1 in a thousand
D	0.1%	1%	Up until 1 in a hundred
E	1%	4%	Up until 4 in a hundred
F	4%	100%	> 4 in a hundred

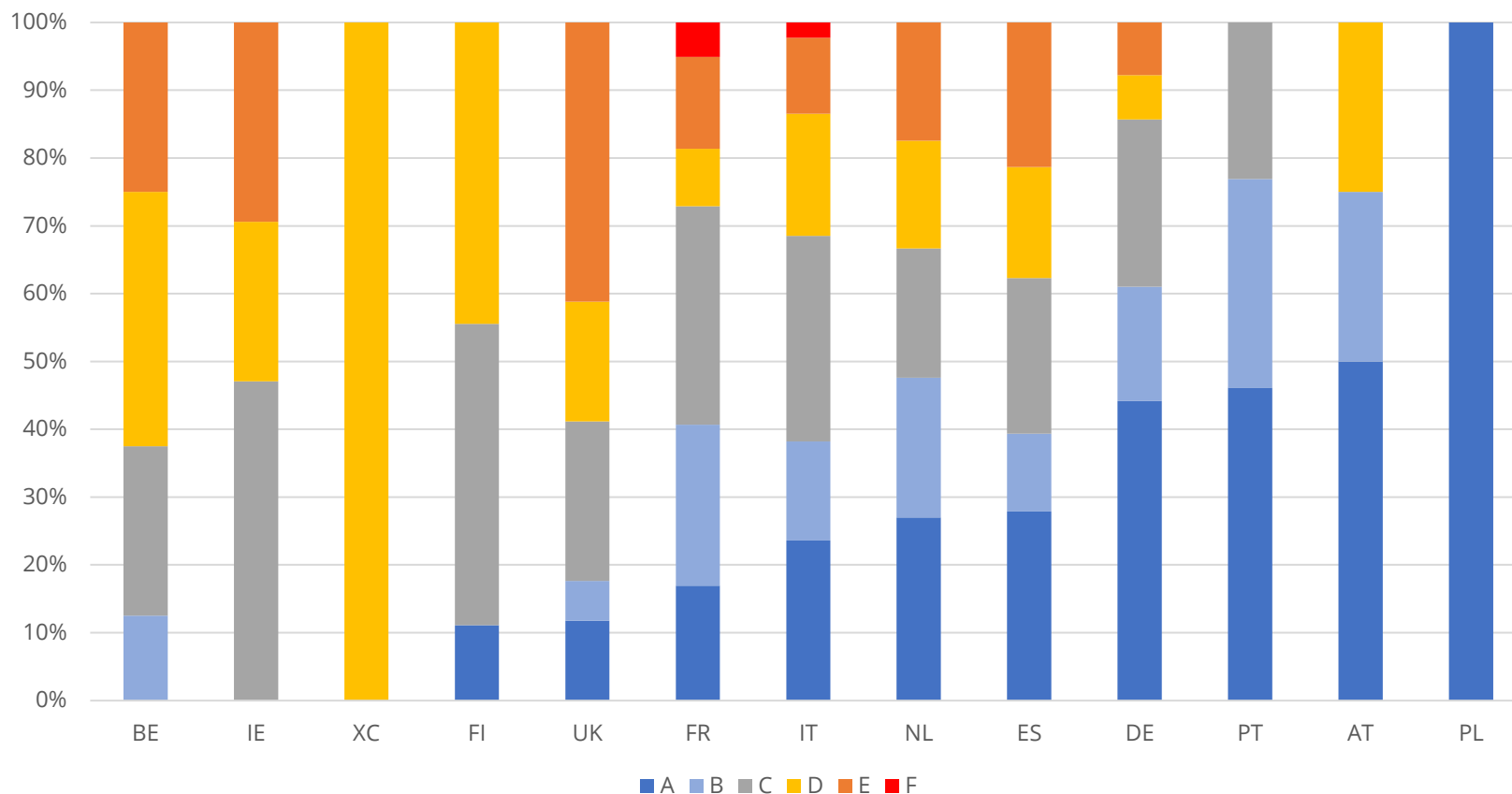
DATA QUALITY – OVER TIME



DATA QUALITY – BY ASSET CLASS



DATA QUALITY – BY COUNTRY



DATA QUALITY – DATA FIELDS WITH MOST ERRORS

Top 10 (position in Q4)	ESMA Field	No. of deals (no. in Q4)
1 (1)	Number Of Days in Arrears	182 (181)
2 (2)	Redemption Date	134 (140)
3 (4)	Default Amount	91 (95)
4 (3)	Current Principal Balance	87 (120)
5 (5)	Current Valuation Date	62 (54)
6 (6)	Default Date	62 (51)
7 (7)	Reason for Default or Foreclosure	54 (48)
8 (9)	Maturity Date	51 (45)
9 (8)	Account Status	50 (45)
10 (10)	Pool Addition Date	45 (43)

SUSTAINABLE FINANCE PROJECTS: ENGAGE FOR ESG & GREEN AUTO SECURITISATION

THE ENGAGE TEMPLATES VERSION 1.0: EU TAXONOMY COMPLIANCE FOR MORTGAGES



Co-funded by the
European Union



THE ENGAGE FOR ESG INITIATIVE

- The ENGAGE for ESG initiative aims to contribute to the goals of the EU Green Deal, by promoting ESG transparency for residential mortgages.
- The ENGAGE Templates 1.0, released in November 2023, include data elements that allow financial institutions to disclose the alignment of their mortgages with the EU Taxonomy requirements in line with the Substantial Contribution Criteria of the Climate Delegated Act
- The Templates will also enable the assessment of the degree of sustainability for mortgages and the classification of investments for certain mortgages as “sustainable” according to the EU Taxonomy.
- The Templates will be updated and expanded to incorporate the most relevant European sustainability regulations. They will be operationalised through the ENGAGE Portal, a dedicated IT infrastructure currently under development.

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 **HYPOPORT**

UCI

woonnu


DEXAI
ARTIFICIAL ETHICS

 **Università
Ca' Foscari
Venezia**

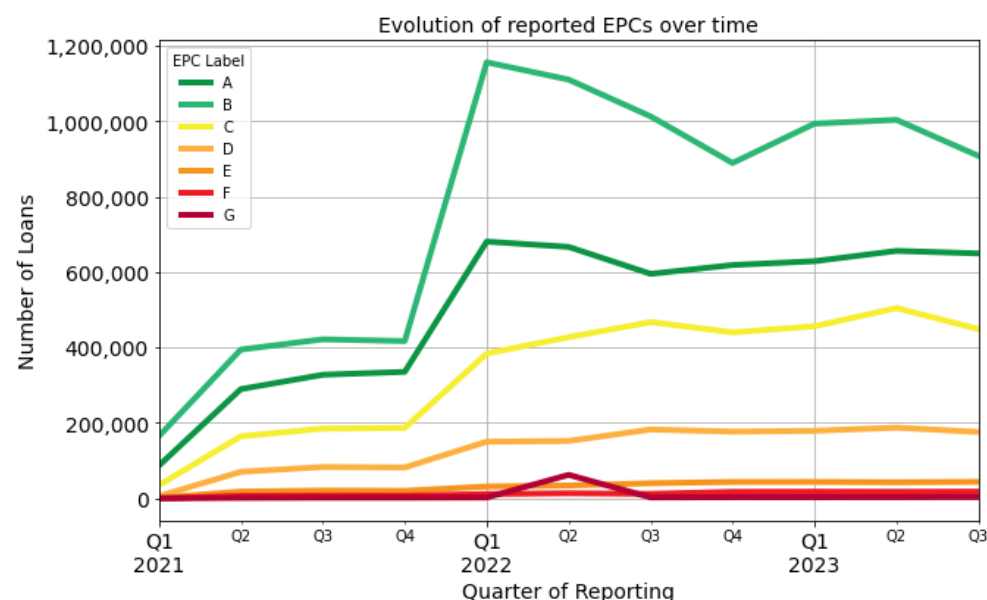
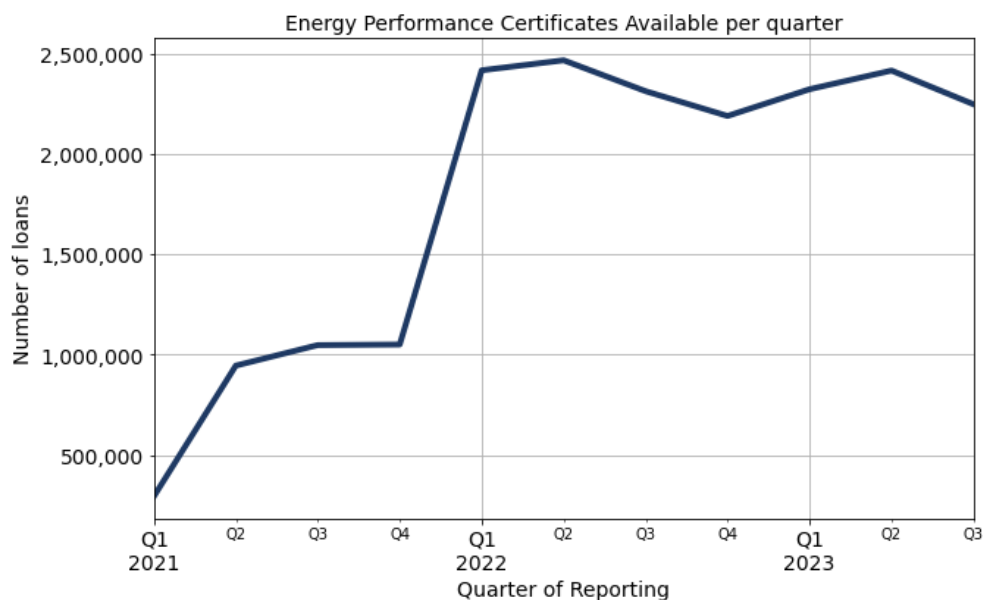
HOW TO GET ENGAGED IN THE PILOT

1. Request the ENGAGE Templates: <https://forms.office.com/e/td14aYsMQS>
2. Set up a One-to-One demo with the ENGAGE team of 30 minutes
3. Sign the ENGAGE agreement for the sample data submission
4. Submit the ENGAGE Templates (mortgage sample file) into the ENGAGE Portal
5. Receive the ENGAGE report on the EU Taxonomy compliance

AVAILABLE ENERGY PERFORMANCE CERTIFICATES IN EDW

The percentage of auto loans and leases with a valid EPC is increasing

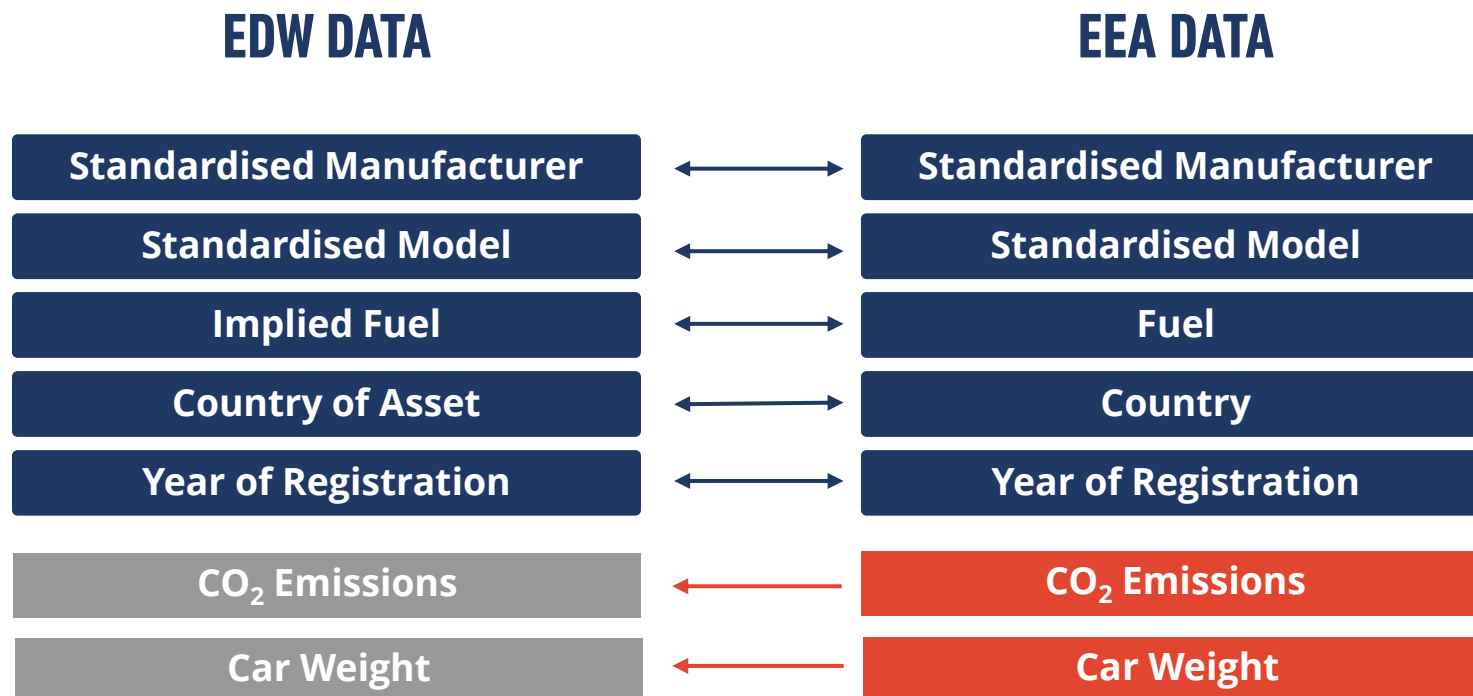
- The percentage of auto loans and leases with a valid EPC is steadily increasing over time - reaching 2.3 million in Q3 2023.
- The increasing trend is driven by cars with better EPC.
- We noticed an increasing trend from issuers to disclose EPC information and from investors to ask for sustainability related data.



Source: EDW data

ESTIMATING CO2 EMISSIONS FOR CAR LOANS/LEASES IN EDW DATA

Matching EDW data with European Environment Agency (EEA) data



Assumptions

- If fuel cannot be implied using available info, the average CO2 emissions of Petrol + Diesel cars for the manufacturer, model, year, and country are used
- For cases where only NEDC standard emissions are available, a factor of 1.2 is used to convert NEDC emissions to estimated WLTP emissions

DATA ENRICHMENT FOR AUTO LOAN PORTFOLIOS

EDW is working with selected partners to enrich their auto loan portfolio with CO2 emission estimates

Original Data		Adjusted Data				Enriched information
Manufacturer	Model	Manufacturer	Model	Fuel type	Year of manufacture	Co2 Emissions
TOYOTA	C-HR 1.8 HYBRID LOUNGE MY20	TOYOTA	C-HR	Hybrid	2020	87 g/km
TOYOTA	C-HR 1.8 HYBRID 122CV ACT MY21				2021	87 g/km
TOYOTA	COROLLA 1.8 H STYLE MY19	TOYOTA	COROLLA	-	2019	110 g/km
TOYOTA	COROLLA 1.8 H ACTIVE MY19					110 g/km

- The algorithm allows for manufacturer and model standardisation
- Relevant information (such as CO2 emissions) are estimated based on manufacturer, model, and year of manufacture
- NB: estimates cannot be used for ESMA reporting purposes as per the Q&A published in February 2023

CO₂ emissions from new passenger cars

CO2 emissions from new passenger cars registered in EU27, Iceland (from 2018) and Norway (from 2019) - Regulation (EU) 2019/631.

Data table explorer | Dashboard

Search term

Current filters applied: 4 [Reset filters](#)

Status: Provisional x Registration year: 2021 x Manufacturer name(Match: any) TOYOTA x Commercial name(Match: any) C-HR x

ID	Country	Vehicle family identification...	Pool	Manufacturer name (EU st...	Manufacturer name (OEM ...	Manufacturer name (MS r...	Type approval number	Type	Variant	Version	Make	Commercial name
57576220	MT	IP-0098-JT1-1	MAZDA-SUBARU-SUZUKI-TOYOTA	TOYOTA	TOYOTA MOTOR EUROPE NV SA		E6*2007/46*0338*02	AX1T	ZYX11	ZYX11RAHXKBW	TOYOTA	C-HR
57576280	MT	IP-0098-JT1-1	MAZDA-SUBARU-SUZUKI-TOYOTA	TOYOTA	TOYOTA MOTOR EUROPE NV SA		E6*2007/46*0338*02	AX1T(EU,M)	ZYX11(H)	ZYX11RAHXKBW(2E)	TOYOTA	C-HR

Q&A, CLOSING REMARKS

THANK YOU//CONTACT US

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