

# 2023 AUTUMN WORKSHOP SERIES

**MADRID – 17 OCTOBER**



# TODAY'S SPEAKERS



**DR. CHRISTIAN THUN**  
EUROPEAN DATAWAREHOUSE



**ADELINA ASANI**  
EUROPEAN DATAWAREHOUSE



**MARCO ANGHEBEN**  
EUROPEAN DATAWAREHOUSE &  
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ICO



**DIEGO MARTÍN PEÑA**  
BBVA



**LARS SCHMIDT-OTT**  
BEKA CREDIT



**ALBERTO BARBACHANO**  
MOODY'S INVESTORS  
SERVICE

# AGENDA

## WELCOME AND INTRODUCTION

## UPCOMING CONSULTATION ON THE ESMA TEMPLATES REVISION

- Dr. Christian Thun, European Datawarehouse

## MARKET OVERVIEW & DATA QUALITY UPDATE

- Adelina Asani, European Datawarehouse

## SUSTAINABLE FINANCE INITIATIVE: ENGAGE

- Marco Angheben, European Datawarehouse

## HIGHER FOR LONGER? CHALLENGES FOR THE SPANISH MARKET

- Gordon Kerr, KBRA

## FIRESIDE CHAT: CURRENT STATE OF THE EUROPEAN SECURITISATION MARKET

- Prof. Jose Manuel Gonzalez Paramo - Chairman of European DataWarehouse & Board Director at Abanca
- Steve Gandy - Former MD & Head of Private Debt Mobilisation, Notes & Structuring at Santander Corporate & Investment Banking

## PANEL DISCUSSION: SPANISH SECURITISATION MARKET – STATUS QUO, CHALLENGES AHEAD, FUTURE OUTLOOK

- Carlos Pérez Dávila – Pérez- Llorca
- Jose Martin Santibañez Suarez – ICO
- Diego Martín Peña – BBVA
- Alberto Barbachano – Moody's Investors Service
- Lars Schmidt-Ott – Beka Credit

## CLOSING REMARKS

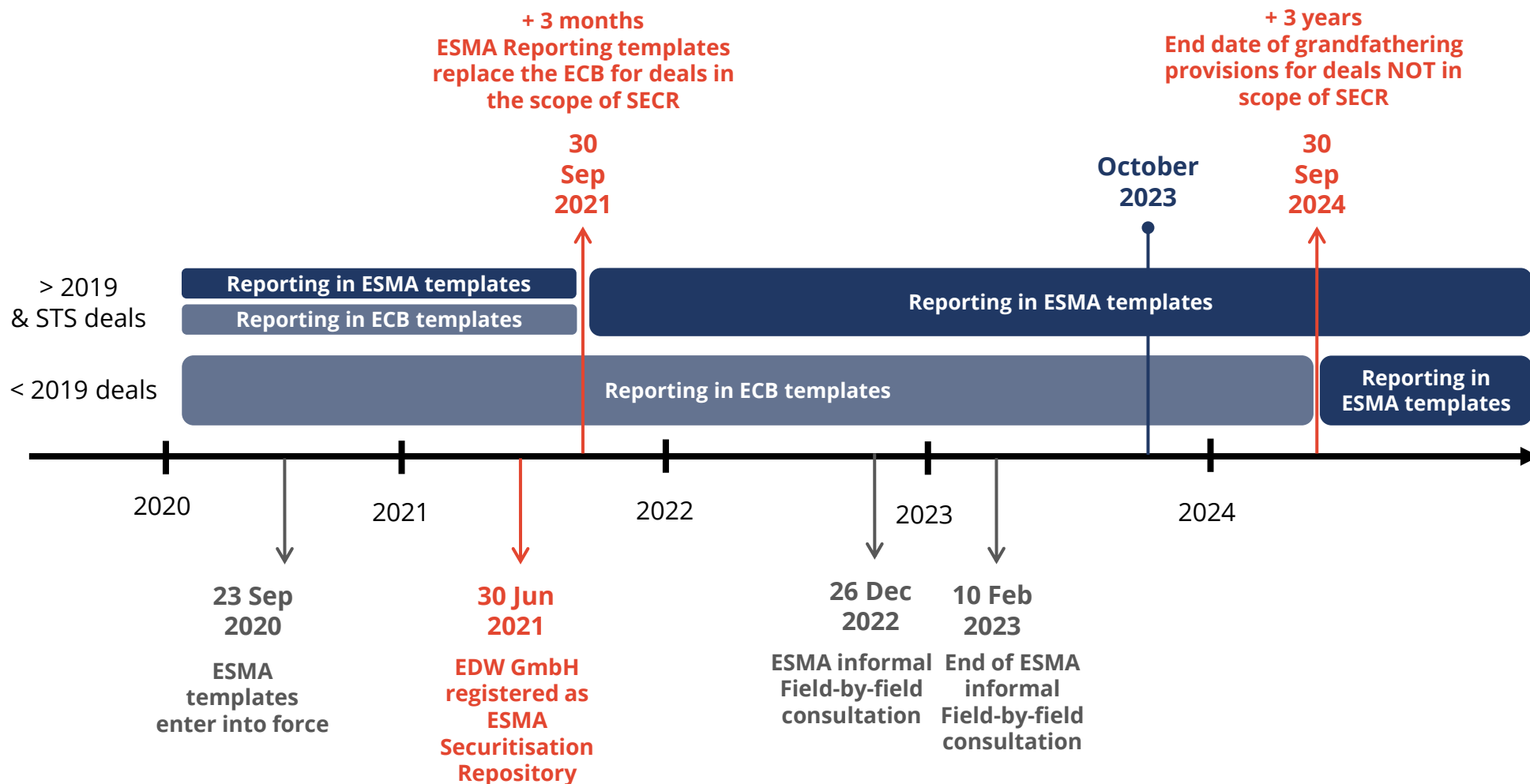
# **WELCOME AND INTRODUCTION**

## **DR. CHRISTIAN THUN, EDW**

# **UPCOMING CONSULTATION ON THE REVISION OF THE ESMA TEMPLATES**

**DR. CHRISTIAN THUN, EDW**

# CHANGES TO THE EUROSISTEM'S LOAN-LEVEL DATA REQUIREMENTS

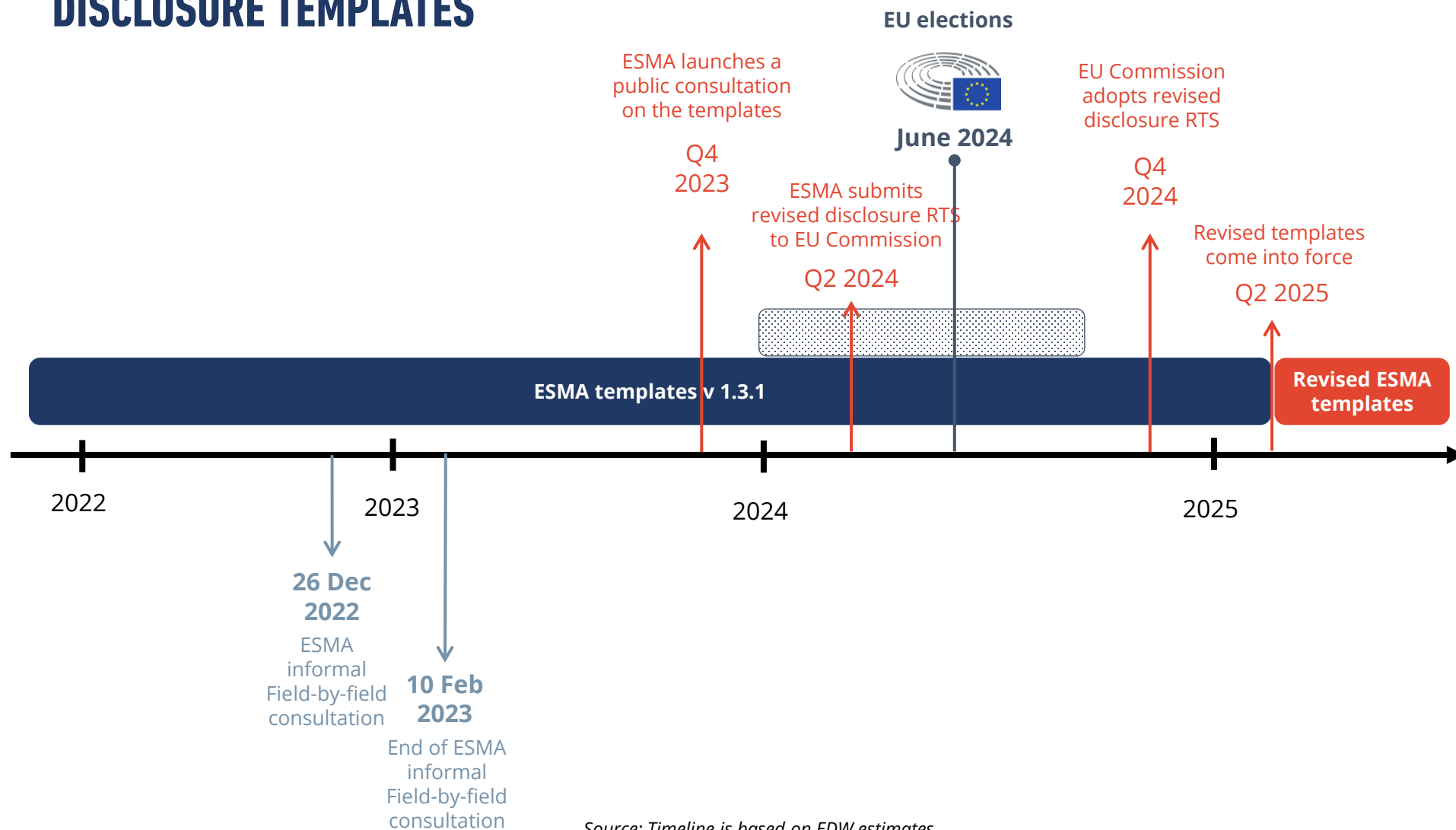


Source: Timeline is based on the information provided in the ECB [press release](#) as of 28 June 2021

# EU COMMISSION REPORT ON FUNCTIONING OF SECURITISATION REGULATION

- On 10 October 2022, the European Commission published its long-awaited report on the functioning of the Securitisation Regulation. The Report covers the mandate to the Commission under Article 46 of the Regulation to deliver a general report.
- The report concludes that it would be premature to suggest a re-opening of the STS legislative framework in light of its short application and the number of exogenous factors, e.g., Covid-19 and the favourable liquidity environment, that make it challenging to assess its impact on the market. Instead, the EC proposes a number of level 2 adjustments that could address some shortcomings in the framework, such as the transparency regime, while offering legal interpretation on provisions on the jurisdictional scope of the regime.
- Important for disclosure framework:
  - The Commission has asked ESMA to **review the templates** in the disclosure RTS with a view to addressing possible technical difficulties, removing unnecessary fields and aligning them more closely with investors' needs. It has also asked ESMA to look at whether information on a loan-by-loan basis is useful and proportionate to investors' needs for all types of securitisations.
  - The Commission has asked ESMA to draft a dedicated disclosure **template for private securitisations** that is tailored to supervisors' need for an overview of the market and of the main features of those transactions.
  - While new template could replace the existing templates for all private securitisations, the EC falls short from recommending reporting via a securitisation repository, suggesting this could be a longer-term policy action should the EC decide to reopen the STS Regulation in the future.

# TENTATIVE TIMELINE FOR ESMA'S REVIEW OF THE LOAN-LEVEL SECURITISATION DISCLOSURE TEMPLATES



Source: Timeline is based on EDW estimates



# **MARKET OVERVIEW & DATA QUALITY UPDATE**

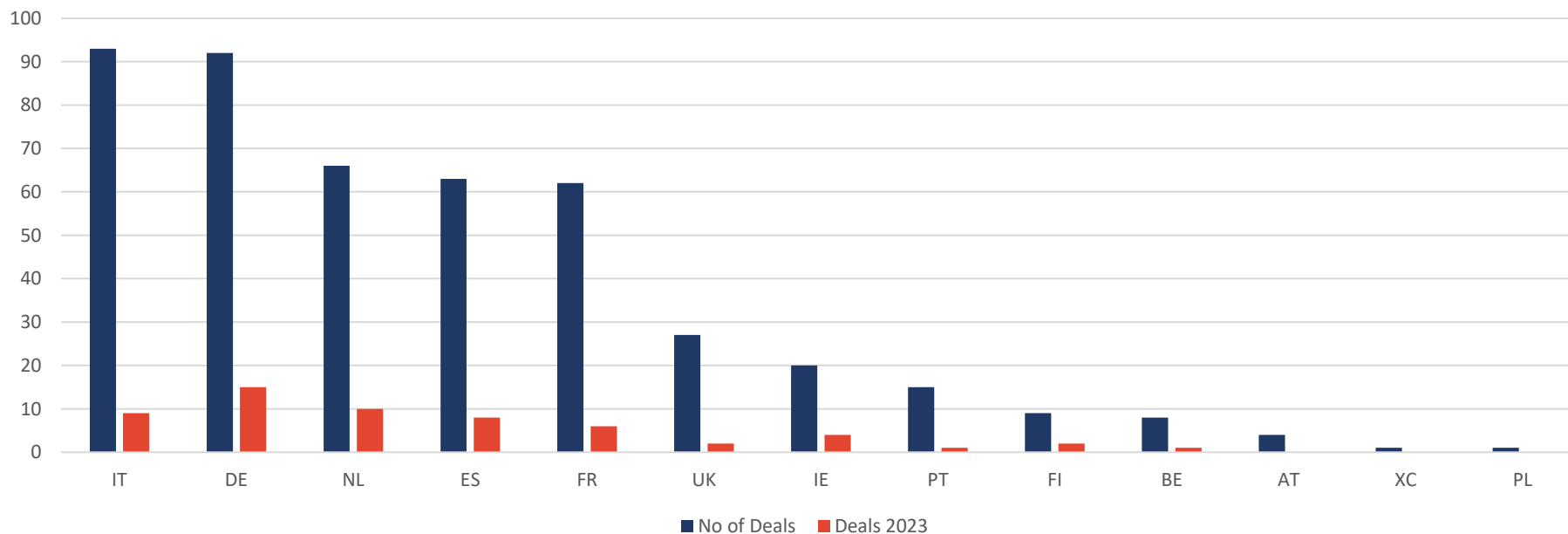
**ADELINA ASANI, EDW**

# EUROPEAN ABS MARKET – OVERVIEW

More than 450 public ABS transactions across Europe

- 63 Spanish ABS transactions across asset classes comply with ESMA reporting
- 34 deals comply with the STS standards
- 9 Spanish ABS transactions issued in 2023

Public ESMA Deals by Country

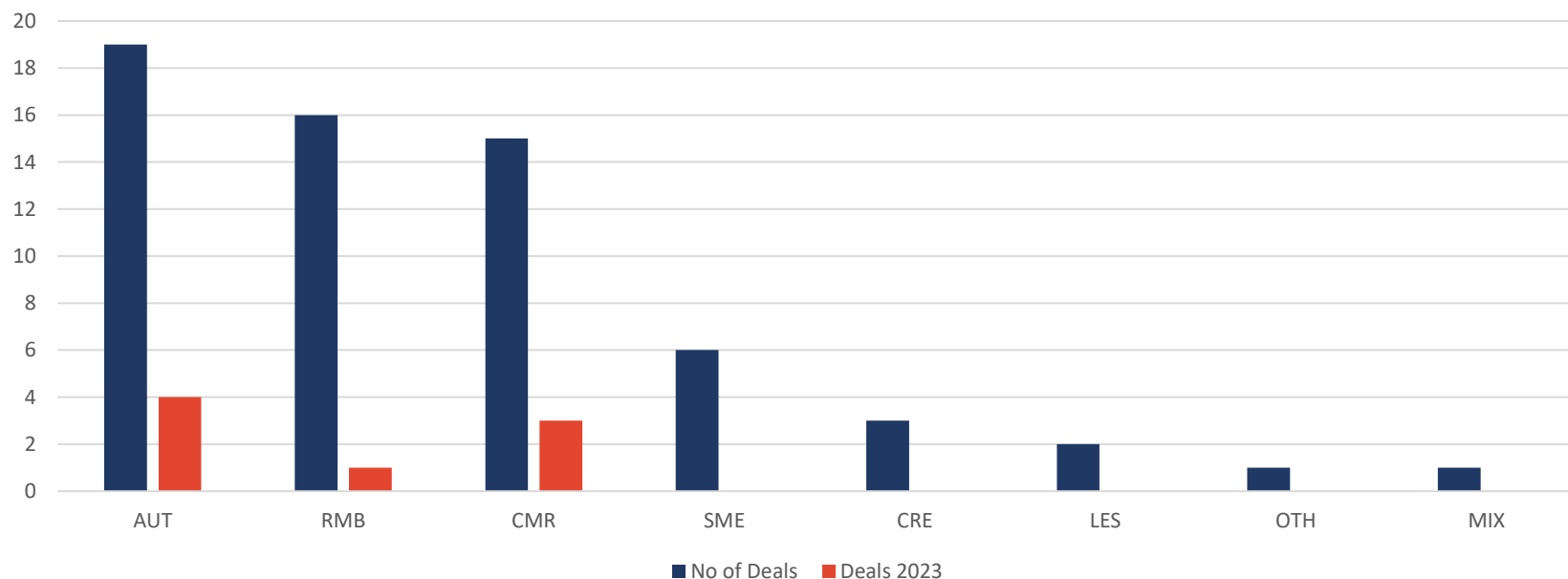


# SPANISH ABS MARKET – OVERVIEW

Predominant asset class in Spain under ESMA is Auto

- In 2023 Spanish ABS issuers have been active in 3 asset classes
- 4 new Auto deals issued in 2023

Spanish ABS Market - Asset Class



# EDW DEAL REPORT

Valuable transaction relevant information covered in the none- UE templates (Annex 12 & 14)

## BOND REPORT

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
ISIN	XS2473716210	XS2473716723	XS2473717028	XS2473717457	XS2473717614	XS2473718000
Type	Other	Other	Other	Other	Other	Other
Cur	EUR	EUR	EUR	EUR	EUR	EUR
Original Balance	119,200,000	38,300,000	23,600,000	13,500,000	12,400,000	4,000,000
Current Balance	80,784,973.70	25,956,916.88	15,994,340.43	9,149,304.91	8,403,805.99	2,710,905.16
Issue Date	2022-05-25	2022-05-25	2022-05-25	2022-05-25	2022-05-25	2022-05-25
Maturity Date	2031-07-18	2031-07-18	2031-07-18	2031-07-18	2031-07-18	2031-07-18
IPD	2022-12-19	2022-12-19	2022-12-19	2022-12-19	2022-12-19	2022-12-19
Paym.Freq	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Current Coupon (%)	0.02	0.03	0.04	0.05	0.06	0.08
Cur. Int.Rate Mrgn/Sprd (%)	0.01	0.02	0.02	0.03	0.05	0.07
Step Up/Dn Coupon	-	-	-	-	-	-
Step Up/Dn Date	-	-	-	-	-	-
Coupon Floor (%)	-	-	-	-	-	-
Coupon Cap (%)	-	-	-	-	-	-
Current Int. Rate Index	Euribor	Euribor	Euribor	Euribor	Euribor	Euribor
Next Call Date	-	-	-	-	-	-
Next Put Date	-	-	-	-	-	-
Curr Atch Point (%)	47.39	30.48				
Orgl Atch Point (%)	45.26	27.67				
Curr. Cred Enhmnt (%)	47.16	30.19				
Org. Cred Enhmnt (%)	48.15	31.49				
Protection Type	-	-				
Unpaid P.Dfcy Ldgr Bal	0	0				

## COLLECTIONS & RECOVERIES

Principal Collections	7,711,201.93
Interest Collections	1,297,410.37
Principal Recoveries	420,063.19
Interest Recoveries	13,194.01
Repurchased Exposures	0
Restructured Exposures	0
Defaulted Exposures	3,912,390.03
Defaulted Exposures CRR	3,912,390.03
Annualised CPR (%)	97.94
Annualised CDR (%)	0.25



## SWAP INFORMATION

	Notional	Benchmark	Maturity
Interest Rate SWAP	289,927,011.90	EURi	2033-07-20

	Notional	Currency - Payer	Currency - Receiver	Exchange Rate	Maturity
Currency Rate SWAP	-	EUR	EUR	-	-

## ACCOUNT INFORMATION

Account Type	Amortising?	Ccy	Target Balance	Actual Balance
Cash Reserve Account	No	EUR	2,800,000	2,800,000
Other Account	No	EUR	0	0

## COUNTERPARTY INFORMATION

## RISK

Type	Rating
Verification agent	-
Trustee	-
Issuer	-
Account Bank	-
Calculation Agent	Aa2 (Moody's), NR (DBRS), P-1 (Moody's)
Paying Agent	-
Manager	-
Other	-
Interest Rate Swap Provider	Aa (low) (DBRS), Aa3 (Moody's), P-1

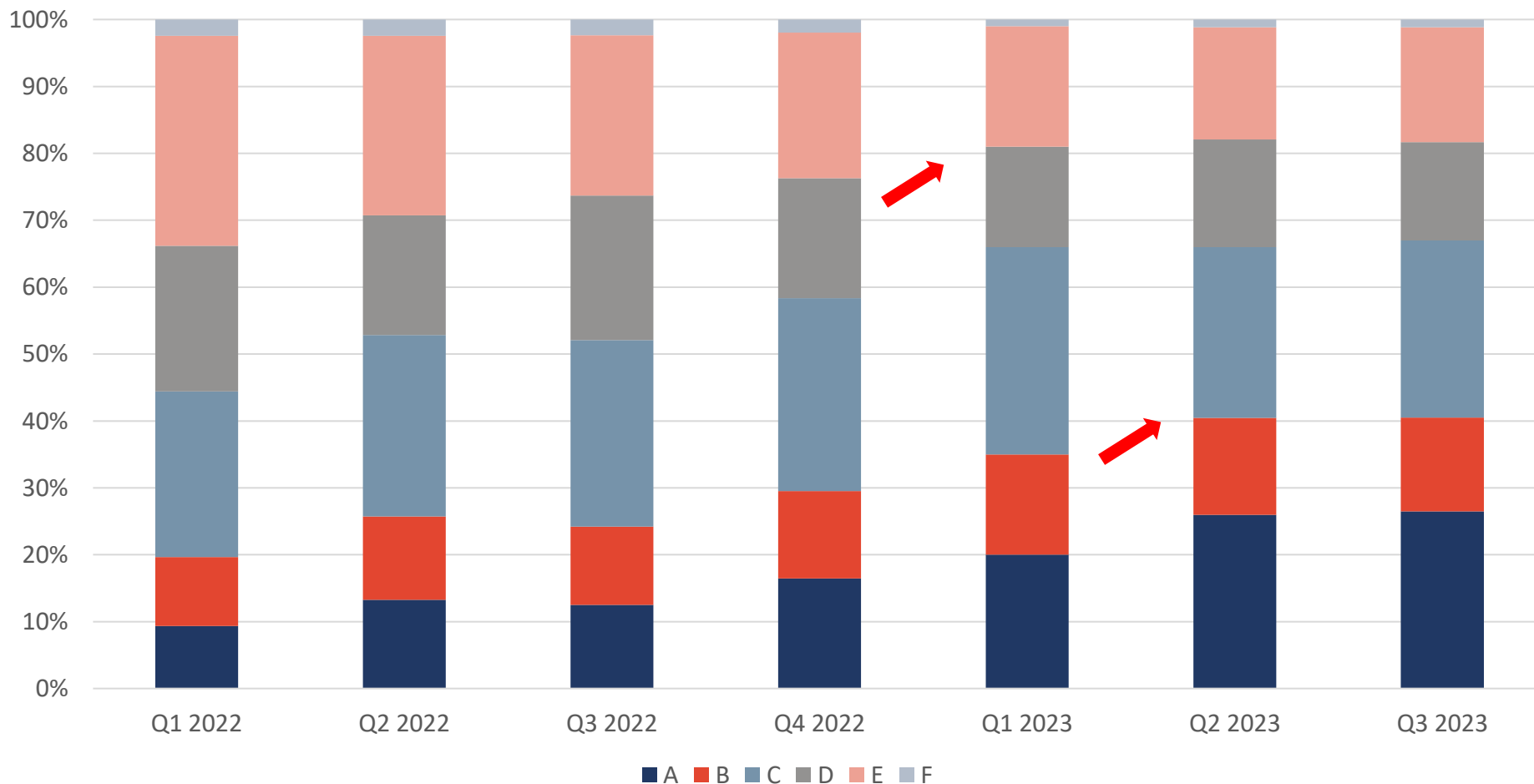
Dilutions	0
Gross Charge-offs In The Period	0
Internal LGD Estimate (%)	-
Excess Spread	0
Is Excess Spread Trapped?	No
Current Overcollateralisation (%)	1.03
Risk Retention Method	First Loss Tranche
Risk Retention Holder	Seller
Risk Transfer Method - True Sale?	Yes
Risk Weight Approach	Standardised Approach
Revolving/ Ramp-Up Period End-Date	-



# DQS - DEVELOPMENT ACROSS EUROPE

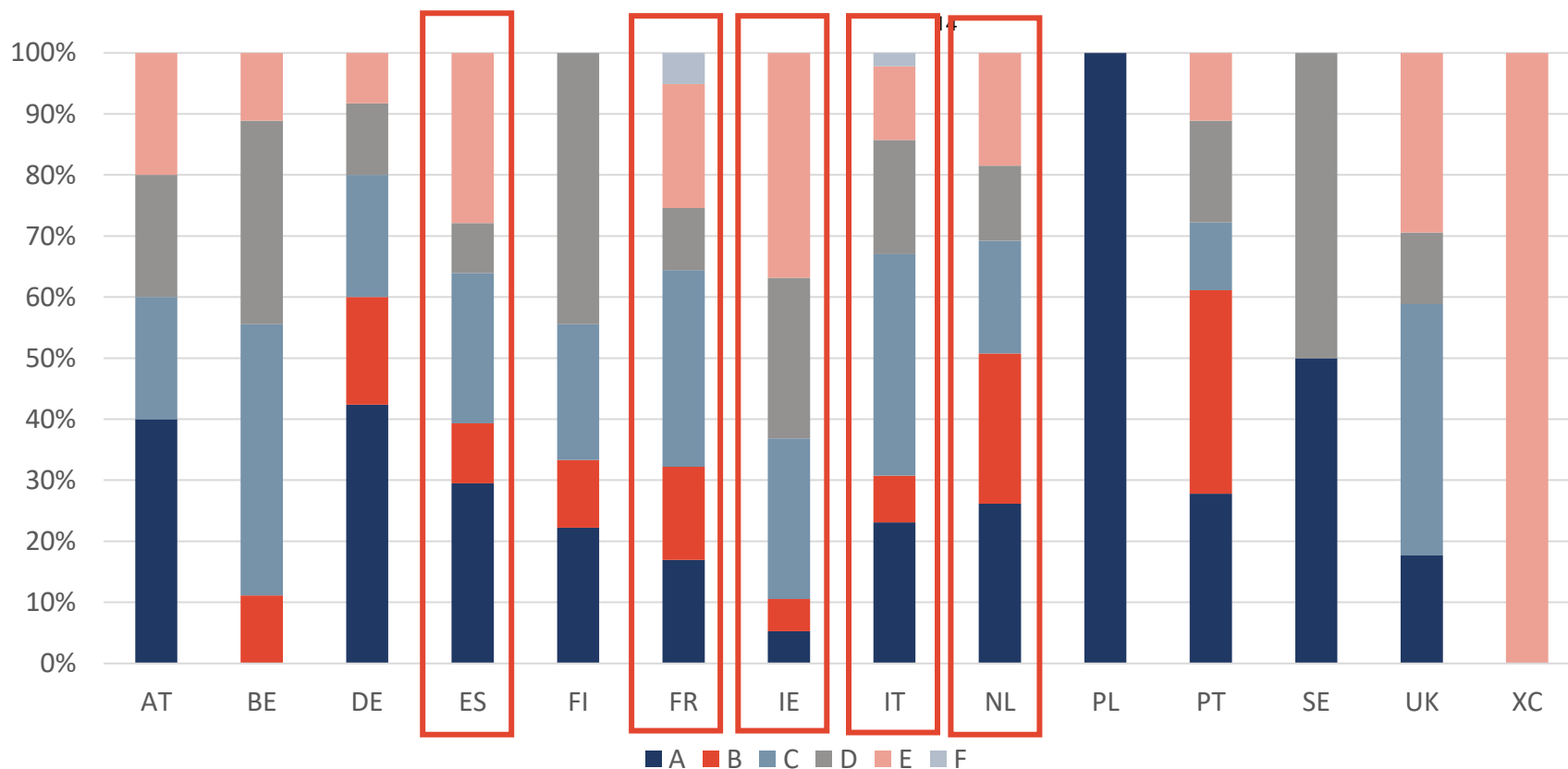
In January 2023, EDW launched its data quality ticketing system

DQS ESMA Template



# DQS - COUNTRY BREAKDOWN

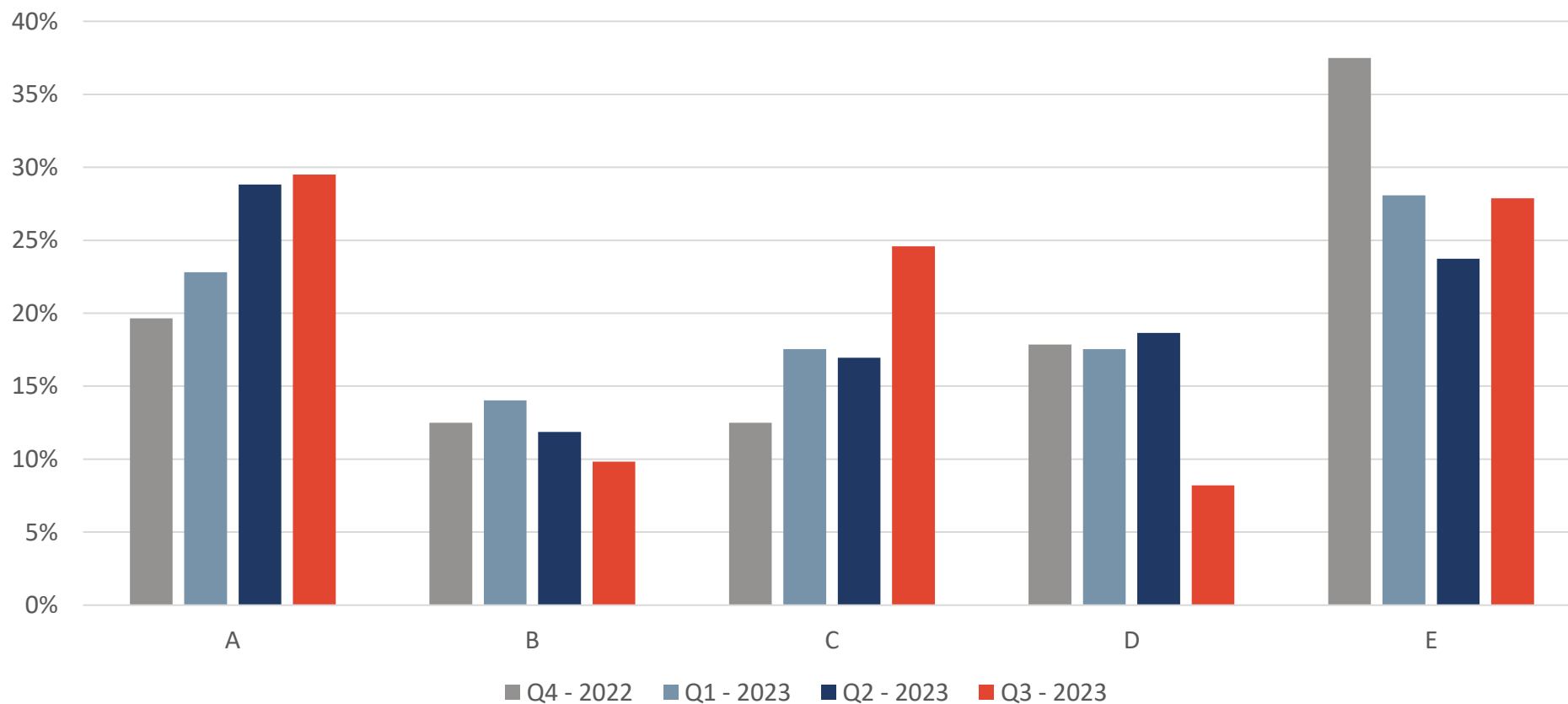
Different levels of data quality across the 13 countries



# DQS - DISTRIBUTION FOR SPAIN

Scores are mainly concentrated in A or E

Spain – September 2022 vs September 2023



# **SUSTAINABLE FINANCE INITIATIVE: ENGAGE**

**MARCO ANGHEBEN, EDW**





# ENGAGE: A Solution for EU Taxonomy Compliance

- Name: Engage for ESG activation investments (ENGAGE)
- Co-funded by the European Union with a LIFE grant
- Duration: 1 November 2022 – 31 October 2025
- Six consortium partners from across Europe
- Scope: ENGAGE aims to provide a solution based on a data disclosure format for mortgage funding and home renovations, encompassing the key European ESG regulations.

**EUROPEAN**  
DATAWAREHOUSE



**UCI**

**woonnu**

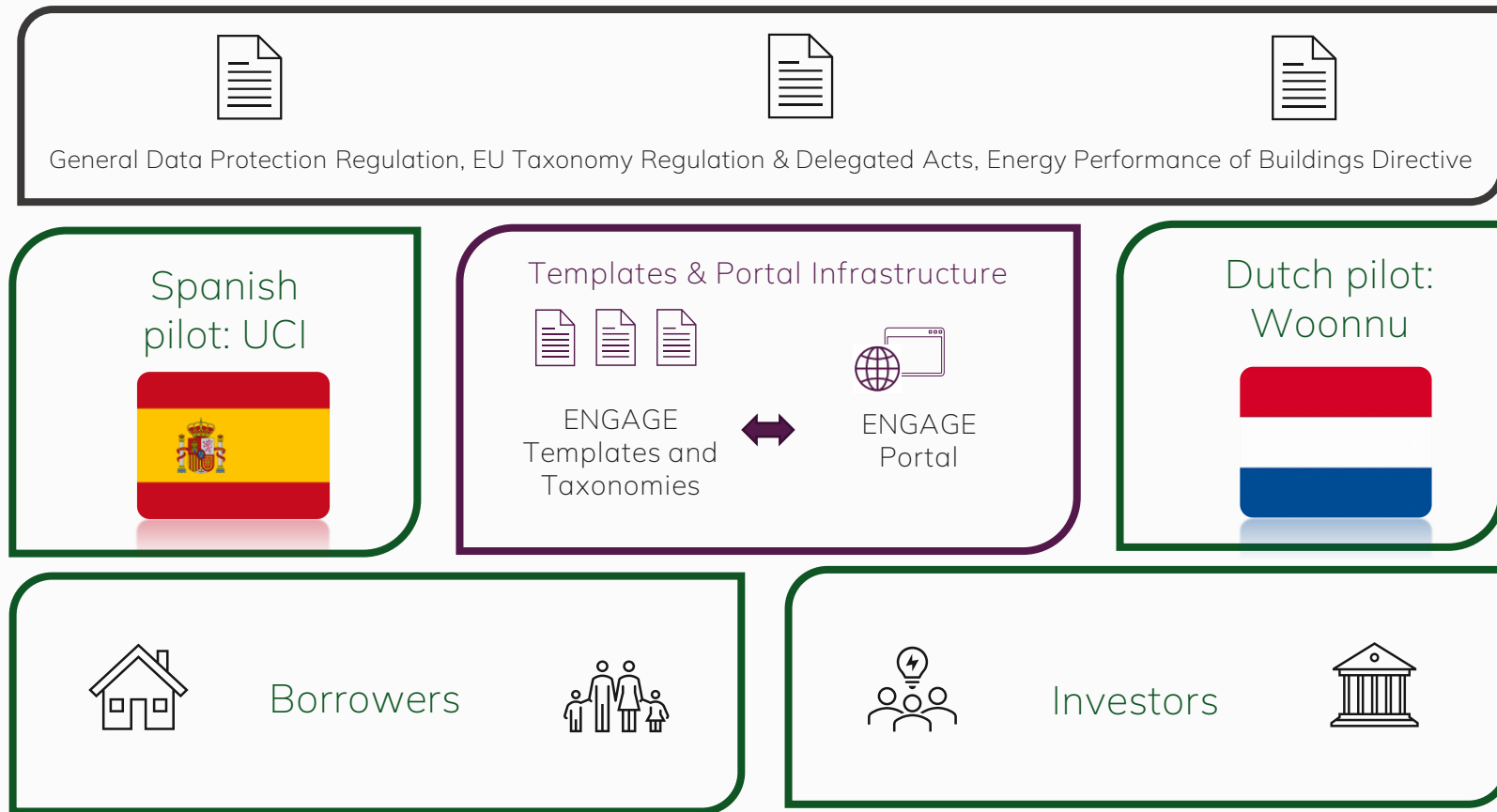


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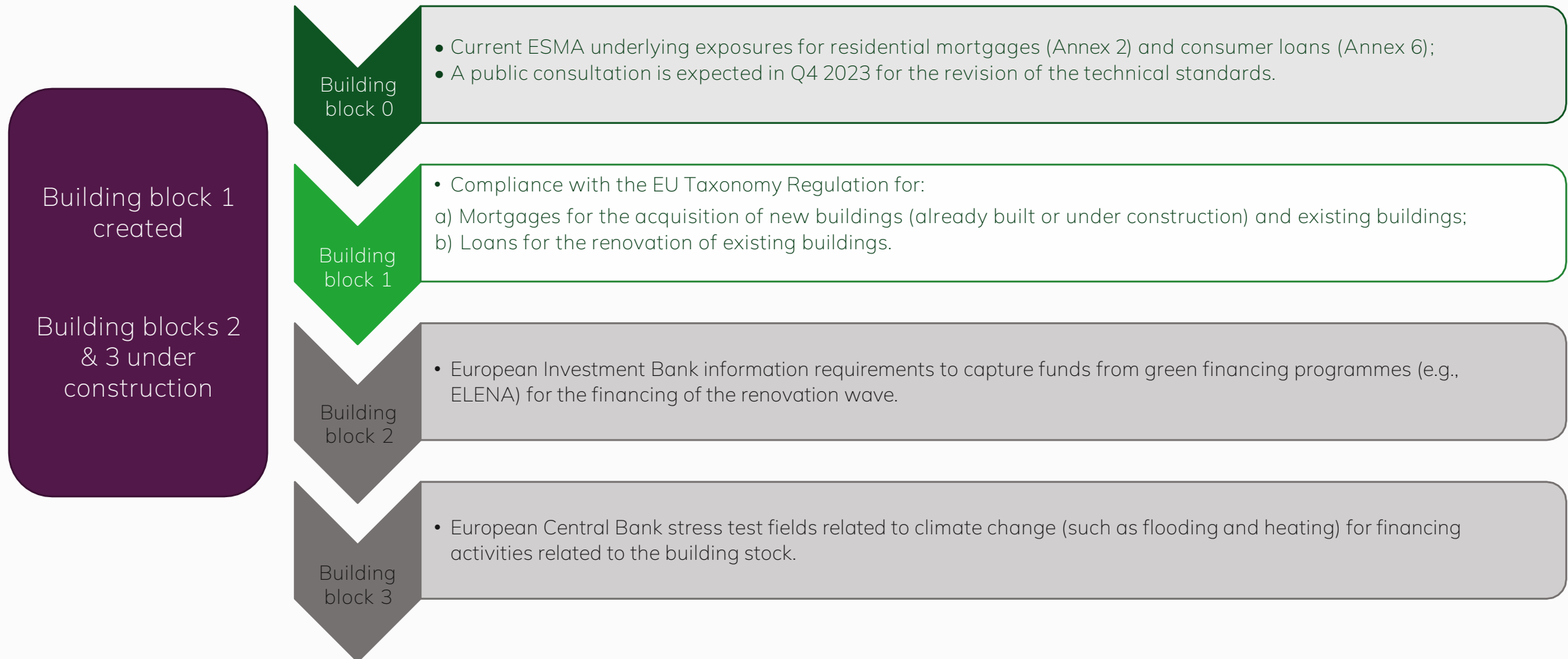


# ENGAGE: The High-Level Concept





# ENGAGE Templates Structure





# How to ENGAGE?

Access ENGAGE  
Templates



Test ENGAGE  
Templates with  
real data in the  
ENGAGE Portal



Website:

[engage4esg.eurodw.eu/](https://engage4esg.eurodw.eu/)

Social Media:

<https://www.linkedin.com/company/engage-for-esg-activation-investments/>



Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the granting authority can be held responsible for them.

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# **HIGHER FOR LONGER? CHALLENGES FOR THE SPANISH MARKET**

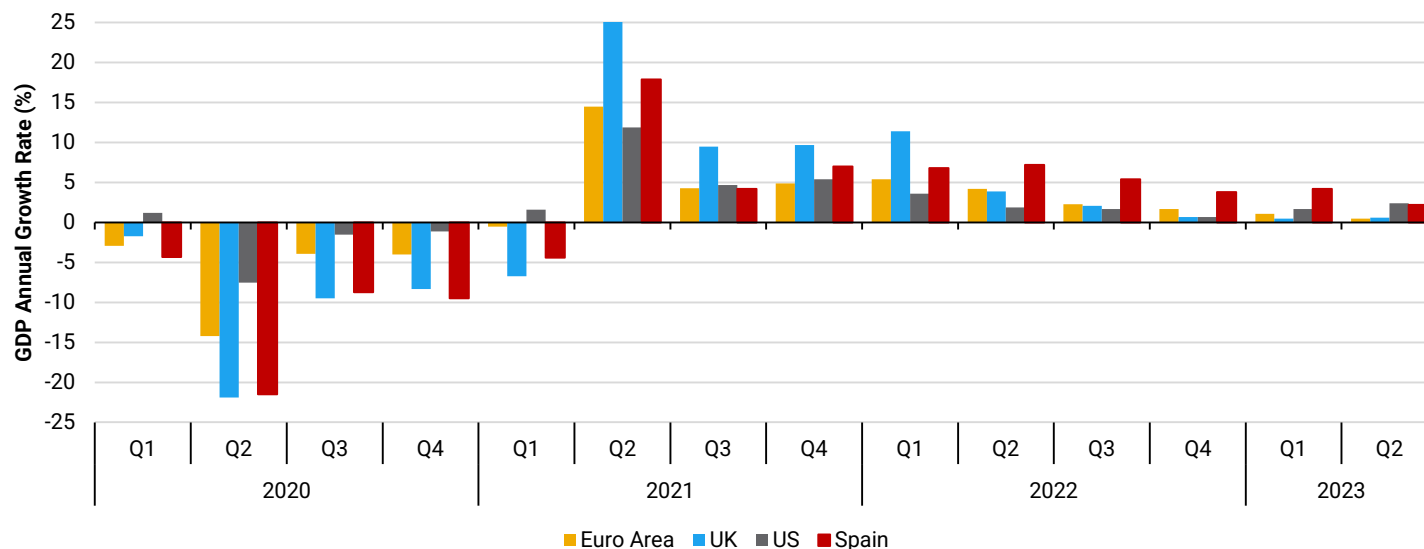
**GORDON KERR, KBRA**

# Higher for Longer? – Challenges for Spanish Market

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# Growth Slows

## GDP Annual Growth Rate, Q1 2020 – Q2 2023



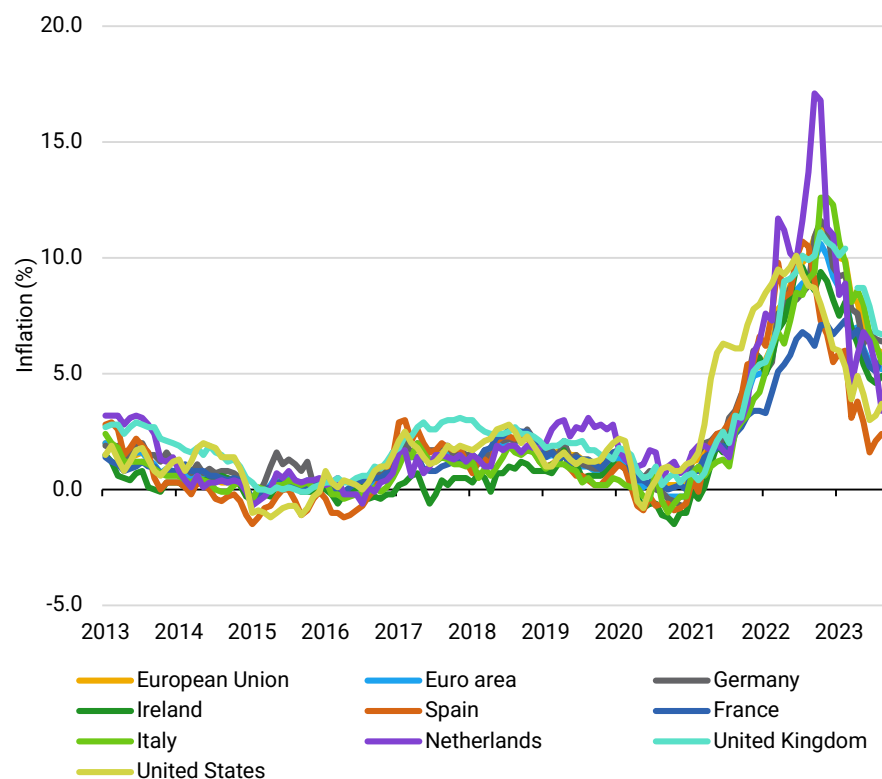
Source: Bloomberg

- COVID – Major Impact and Bounce Back
- Post Pandemic Growth Slows
  - Russia/Ukraine Conflict and Energy Price / Inflation Burden
- UK More Heavily Impacted
- Spain has Outperformed in Post-Pandemic Period



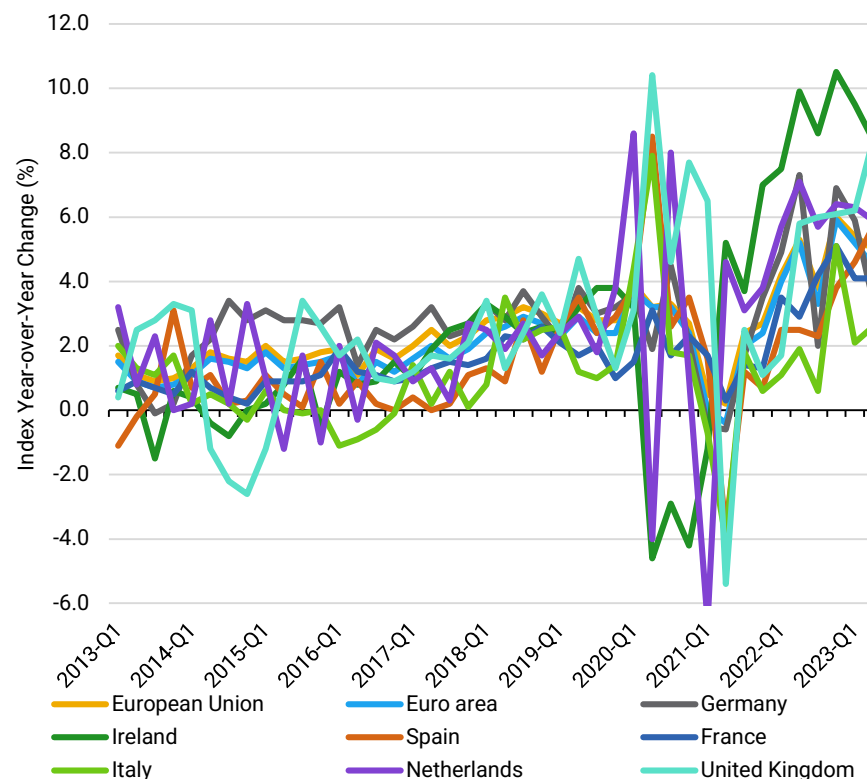
# Inflation Easing, but Last Bit to be a Challenge

## Inflation Rate, 2013 - 2023



Source: Eurostat, UK Office for National Statistics, and KBRA

## Labour Cost, 2013 - 2023



Source: Eurostat, UK Office for National Statistics, and KBRA

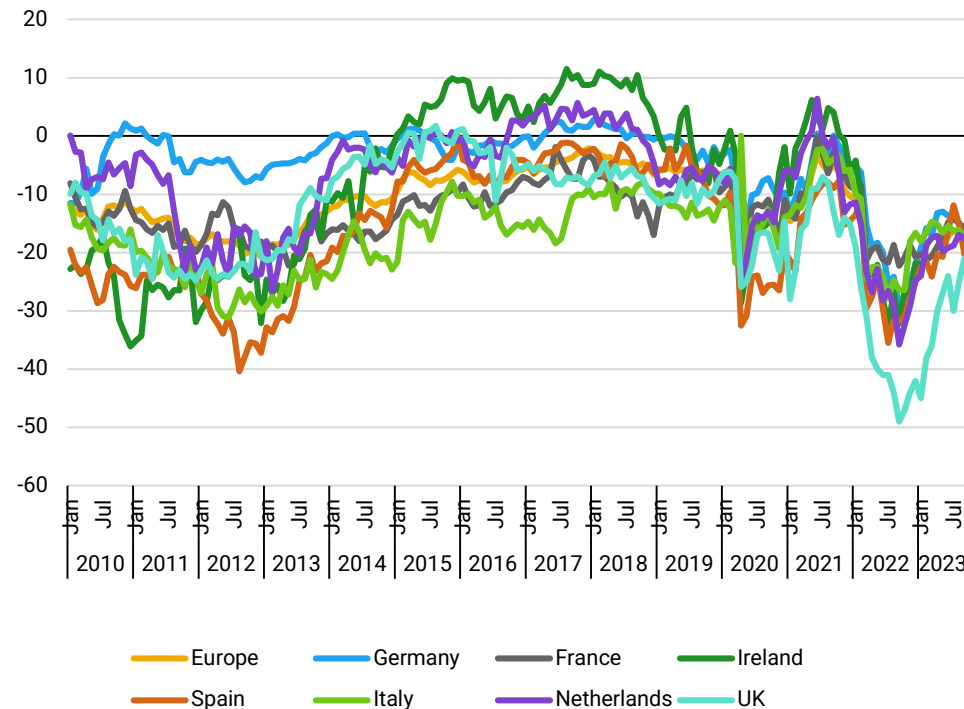
## ■ Extreme Levels of Inflation Easing

- UK Remains Elevated, Spain Leads Lower

## ■ Wage Inflation Risk of Keeping Inflation High, Particularly UK (and Spain)

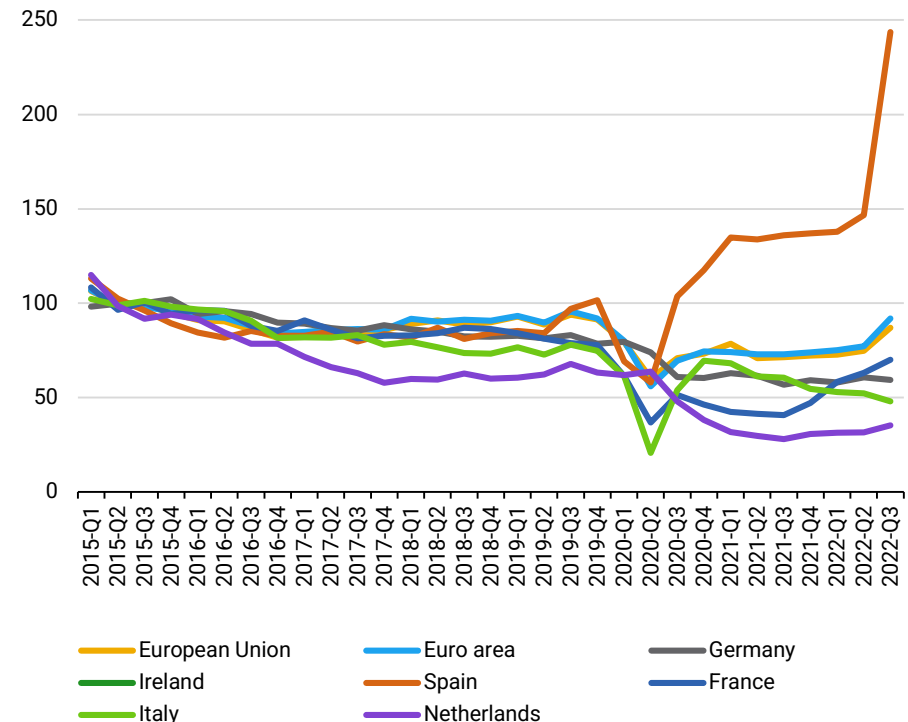
# Trouble Still Brewing

## Consumer Confidence Index



Source: European Commission

## European Business Insolvencies

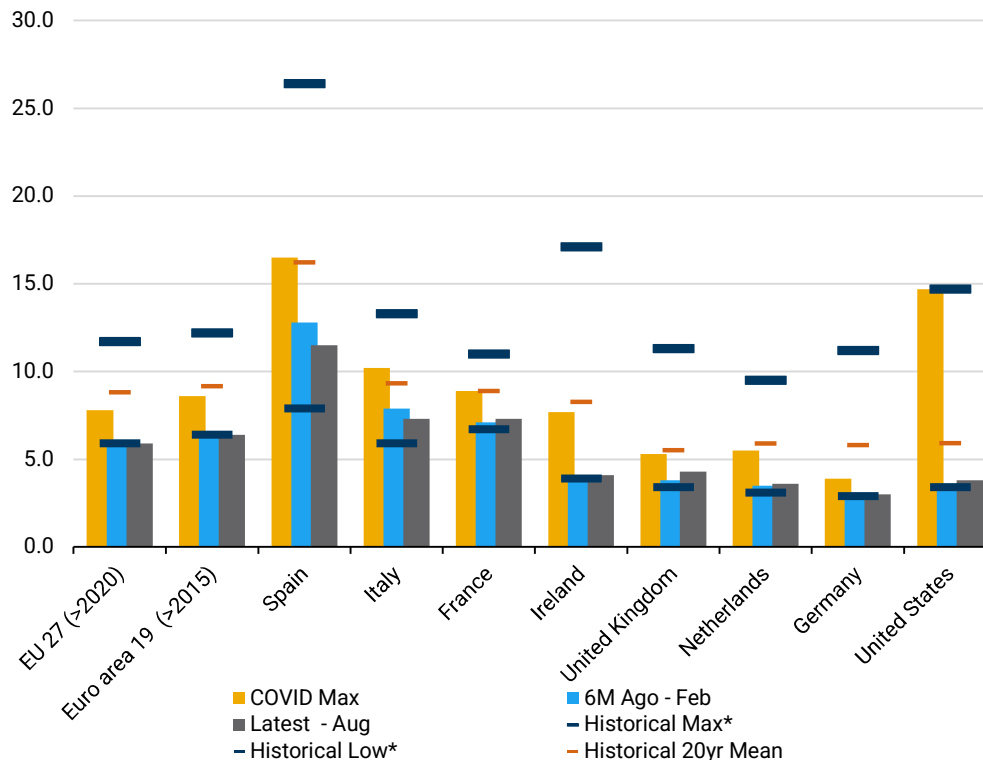


Source: Eurostat

- Negative Consumer Confidence, but Returning (slowly) from Lows
- Insolvencies Increase, Excessively in Spain
  - Due to increase in personal insolvencies

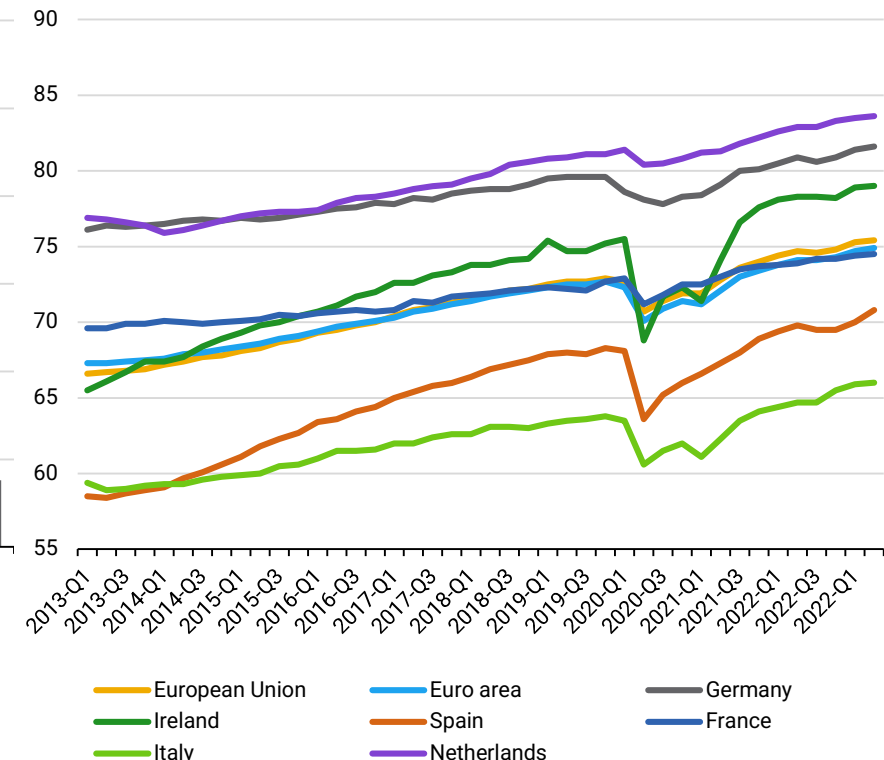
# Support Remains in Employment Picture

## European Unemployment



Source: Eurostat, KBRA

## European Employment (% 16-65 Employed)

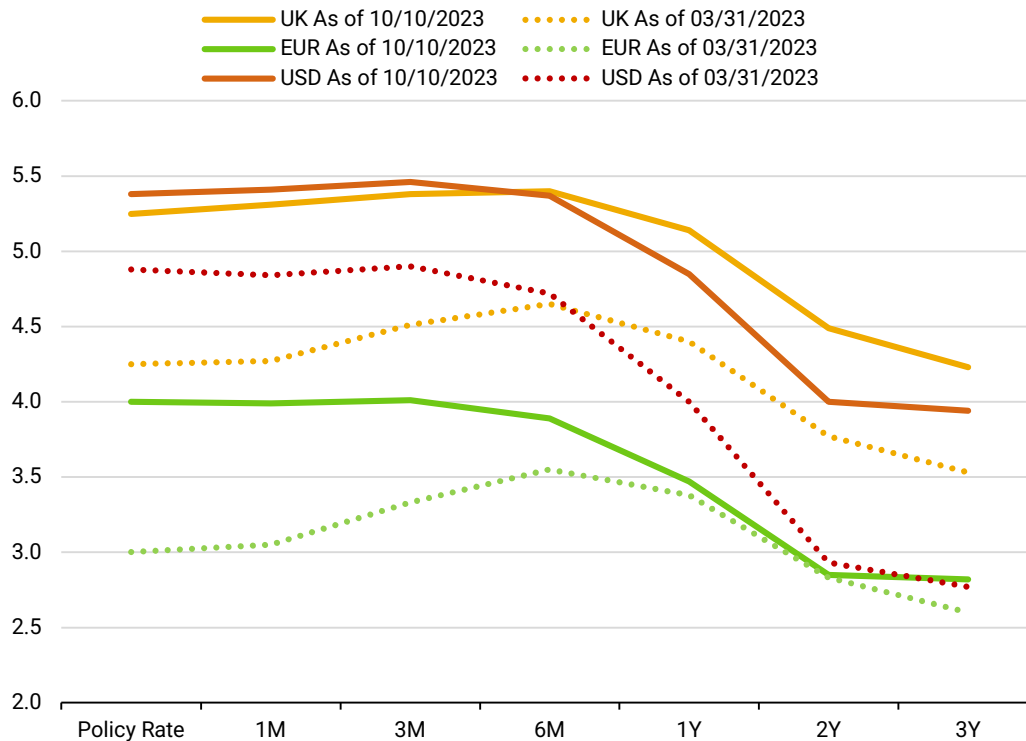


Source: Eurostat

- Unemployment Remains at or Near Lows
- Participation Rate Recovery from COVID

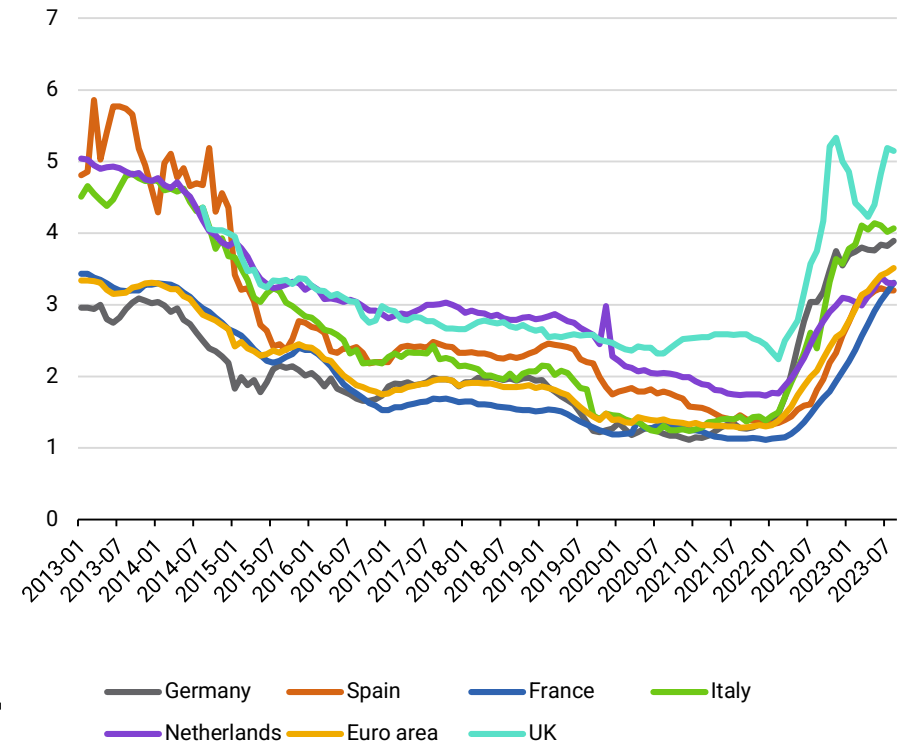
# Rate Rises and Impact Upon Borrowers

## Policy Rate and Expectations



Source: Bloomberg, KBRA

## European Mortgage Rates

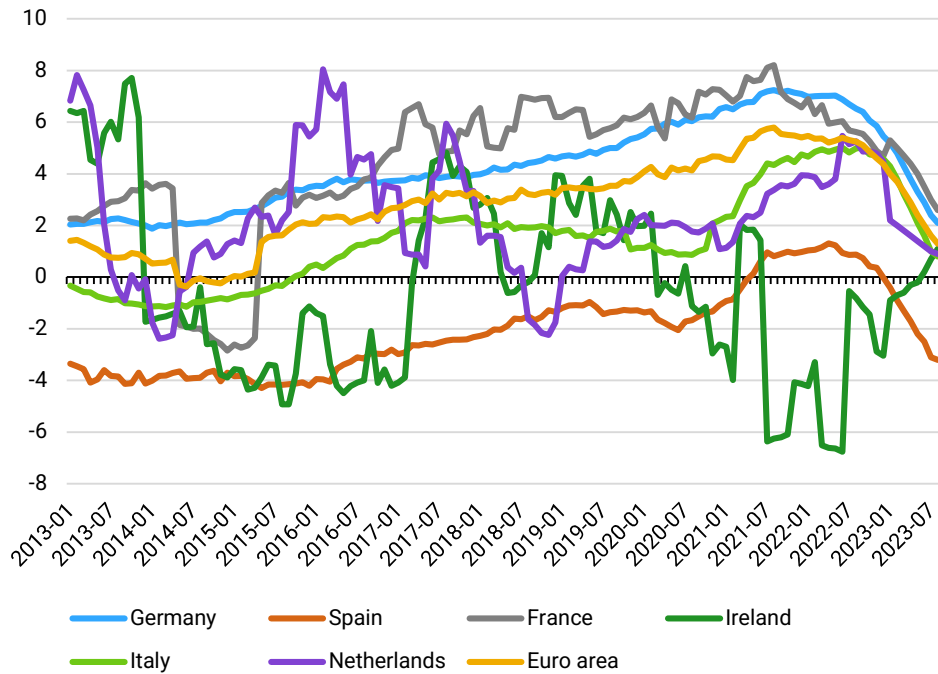


Source: European Central Bank and Bank of England

- Rate Rises Flattening, but Not Turning Down Yet
- Rise in Mortgage Rates, Heavy Impact on Floating and Refinancing
- UK Stands Out (Again), Spain Towards Low End

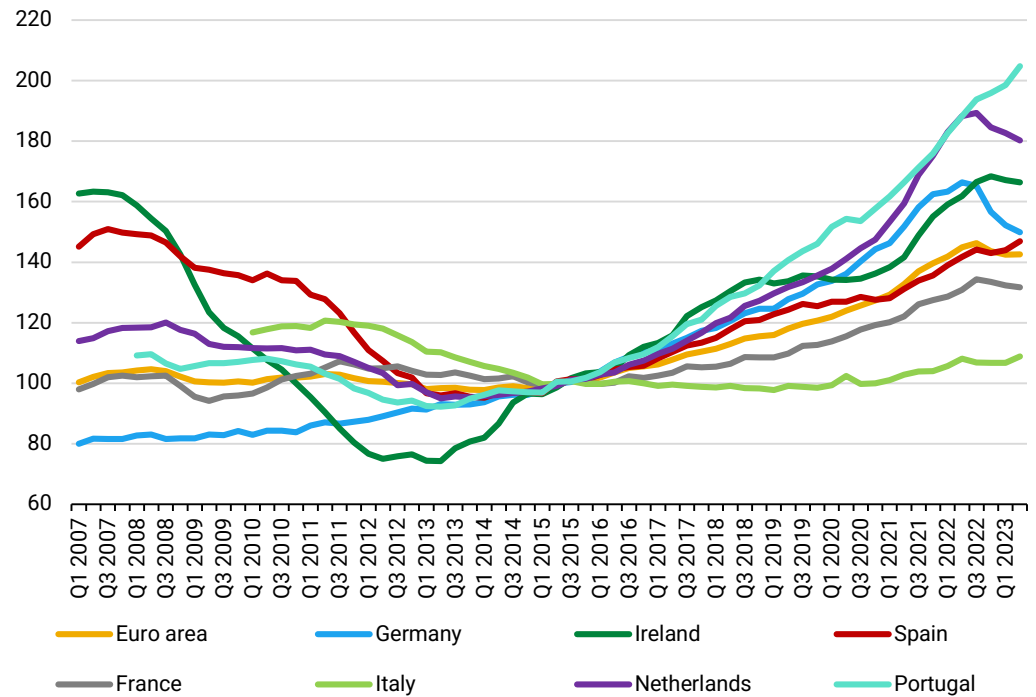
# Impact Beginning to Take Hold

## Mortgage Lending, YoY Change



Source: Eurostat

## European House Price Index

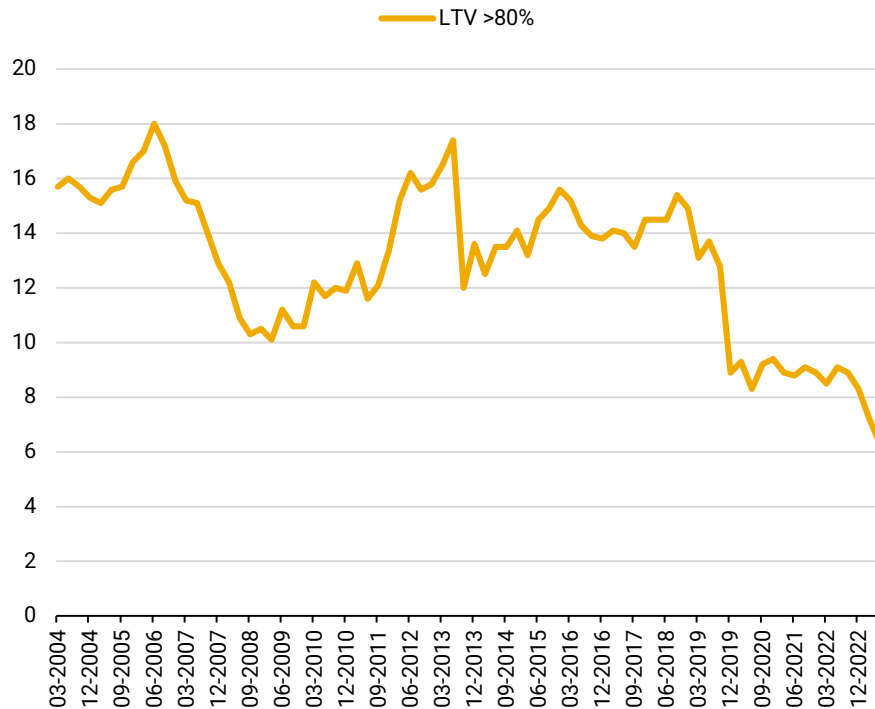


Source: Eurostat

- Household Mortgage Lending Declines
- Some Housing Markets Cooling
- Spain Remains Resilient

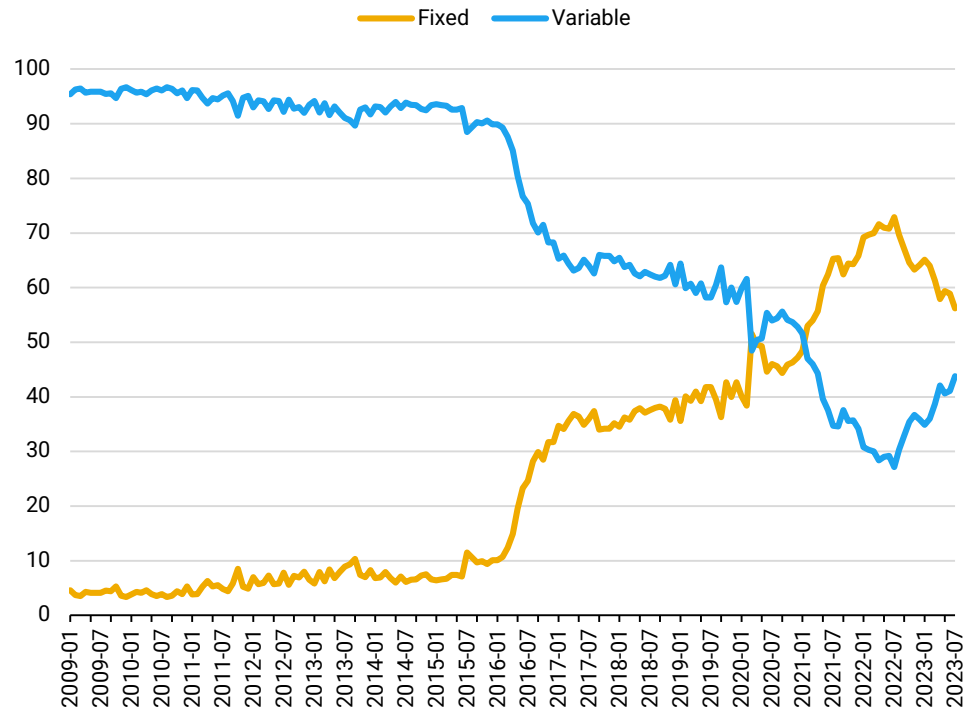
# Spanish Mortgage Market Position

## New Lending at LTV Over 80%



Source: Banco de España

## Mortgage Lending by Rate Type



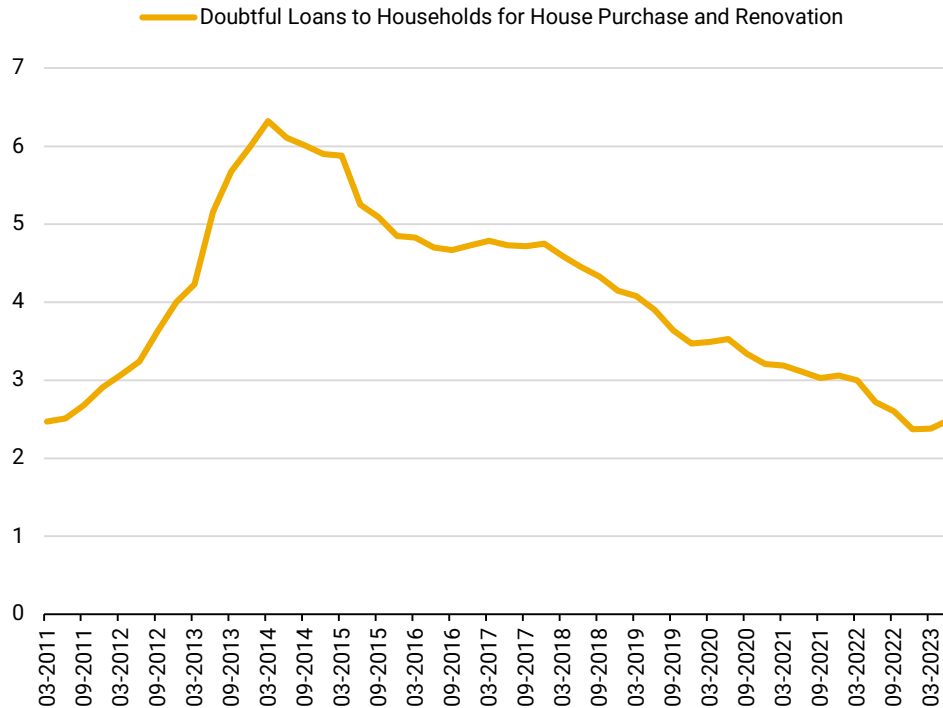
Source: Banco de España

## ■ Pre-GFC Lending has Not Returned

- Low Levels of Leverage – Average LTVs of Lending at 62.7%
- Increasing Fixed Rates as % of Total Lending

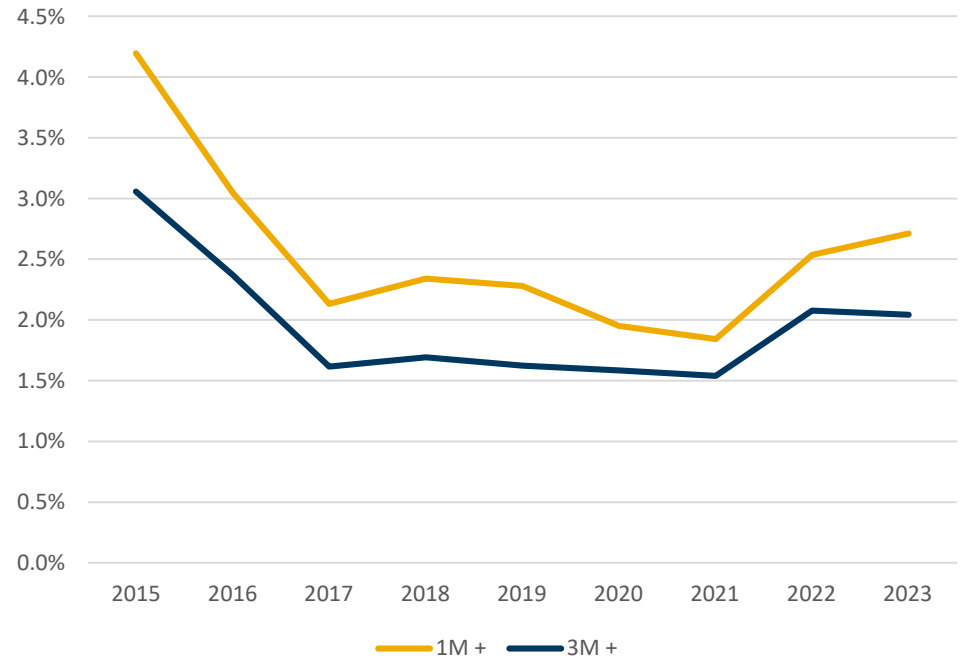
# Spanish Impact on Borrowers (So Far)

## Doubtful Loans



Source: Banco de España

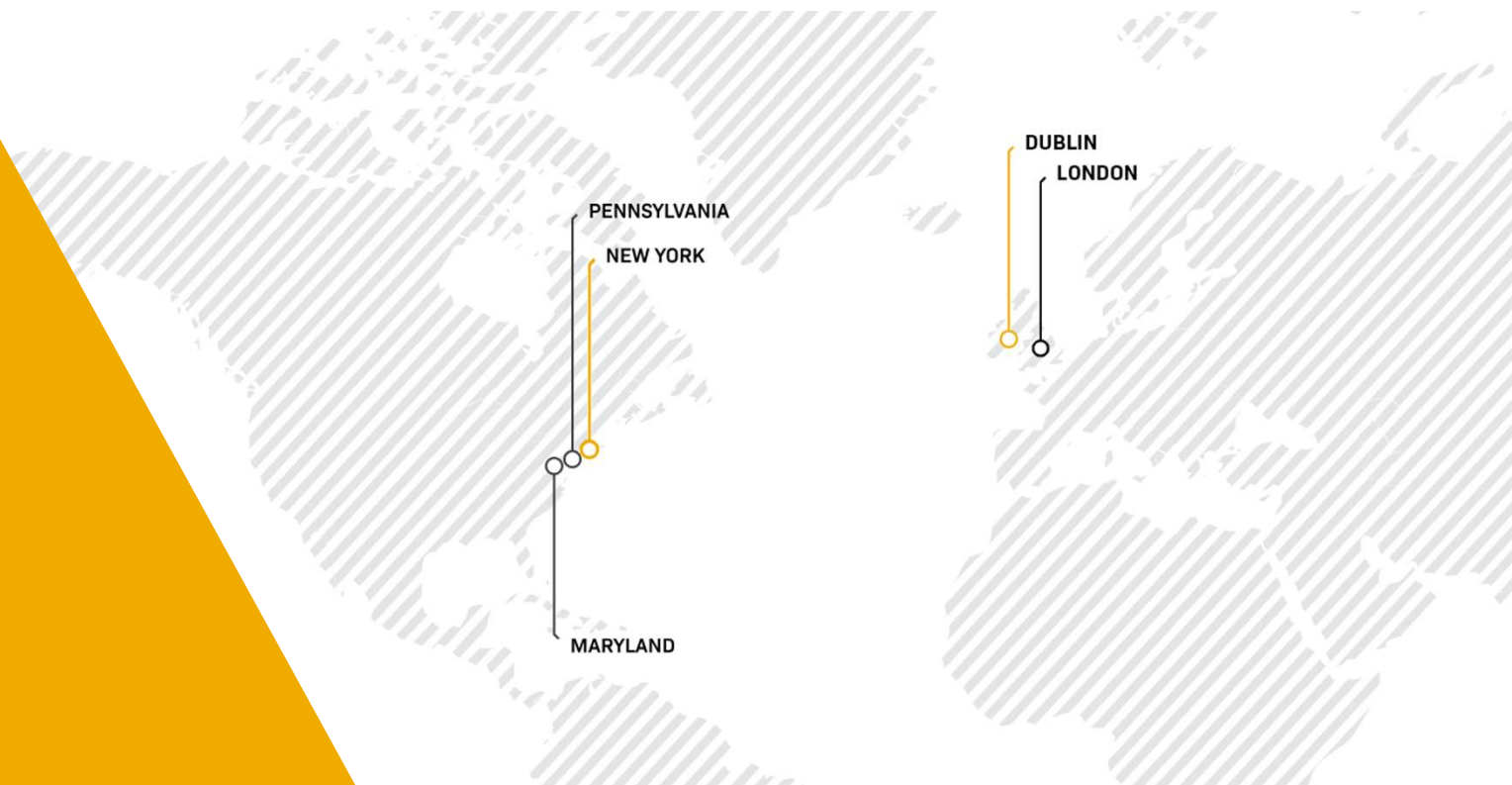
## Spanish Mortgage Delinquencies



Source: European DataWarehouse

- Doubtful Loans Uptick in Recent Periods
  - Well Below Sovereign Crisis Era Levels
- RMBS Delinquencies Increase, but Moderates in 2023

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# **FIRESIDE CHAT: CURRENT STATE OF THE EUROPEAN SECURITISATION MARKET**

# **PANEL DISCUSSION: SPANISH SECURITISATION MARKET – STATUS QUO, CHALLENGES AHEAD, FUTURE OUTLOOK**

# CLOSING REMARKS

# THANK YOU//CONTACT US

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