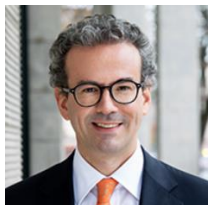


# **GREEK SECURITISATION EVENT**

**ATHENS – 30 JANUARY 2024**



# TODAY'S SPEAKERS



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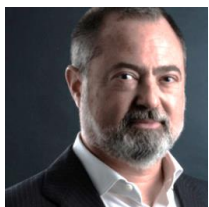
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## **WELCOME AND INTRODUCTION**

Marco Angheben, EDW

## **NPL ROUNDTABLE: NEW GREEK LAW, EXTENSION OF HERCULES SCHEME & MARKET OUTLOOK**

Moderator: Marco Angheben, EDW

Fulvio Pelargonio, NPL Markets

Kely Pesketzi, PWC

Vasileios Giorntos, Do Value Greece

Francesco Ugenti, Prelios Innovation

## **FIRESIDE CHAT: CONSULTATION ON THE SECURITISATION DISCLOSURE TEMPLATES - DIVERGENCE OR CONVERGENCE BETWEEN UK & EU?**

Madeleine Horrocks, Orrick

Marco Angheben, EDW

## **THE LATEST DEVELOPMENTS IN SYNTHETIC SECURITISATIONS**

Michael Osswald, STS Verification International

## **COVERED BOND OUTLOOK**

Mathias Pleissner, Scope Ratings

## **EDW COVERED BOND REPORTING SOLUTION**

Marco Angheben, EDW

## **SUSTAINABLE FINANCE RESEARCH PROJECT: GREEN AUTO SECURITISATION WITH SAFE INSTITUTE FRANKFURT**

Andrea Bedin, EDW

## **CLOSING REMARKS**

Marco Angheben, EDW

# **WELCOME AND INTRODUCTION**

**MARCO ANGHEBEN, EDW**

# **NEW GREEK LAW, EXTENSION OF HERCULES SCHEME & MARKET OUTLOOK**

**MODERATOR: MARCO ANGHEBEN, EDW**

**FULVIO PELARGONIO, NPL MARKETS**

**KELY PESKETZI, PWC**



**VASILEIOS GIORNTOS, DO VALUE GREECE**

**FRANCESCO UGGENTI, PRELIOS INNOVATION**

## PRELIMINARY RESULTS OF THE EDW NPL GAP ANALYSIS (1/3)

- EDW conducted a GAP Analysis highlighting the key differences between the EBA NPL transaction data templates and the ESMA technical standards as of 23 September 2020
- The EBA NPL templates have been streamlined and new fields added:
  - The “No data option” has been simplified (ND1, ND2 etc. into one ND only)
  - The € 25,000 threshold has been eliminated
- Among the 129 fields plus 5 identifiers proposed by EBA, EDW found a potential correspondence with the ESMA fields in 71 cases
- Scope of application for the EBA templates, as according to the proposed Regulation Article 2, is for the sale or transfers of portfolios of non-performing loans held in the banking book of credit institutions that meet the criteria set out in Article 16 (7) of Directive (EU) 2021/2167 on credit servicers and purchasers. Out of scope, among others:
  - Securitised NPL loans where Regulation (EU) 2017/2402 applies;
  - Loans held in the trading book of credit institutions
- NPL data quality is key to improve investor confidence and boost secondary market liquidity

## PRELIMINARY RESULTS ON THE EDW GAP ANALYSIS (2/3)

Template	Number of Fields	Number of fields with potential correspondence
1 - Counterparty	33 	14
2 - Relationship	4	3
3 - Loan	44 	21
4 - Collateral guarantee and enforcement	43	28
4.2 Mortgage Guarantee	5	4
5 - Historical collection of repayments	5	1
<b>Total number of fields</b>	<b>134</b>	<b>71</b>

# REPORTING FRAMEWORKS UNDER THE SECREG & UPCOMING EBA NPL SECONDARY MARKET DIRECTIVE

Type of Assets	Reporting Framework for Securitisation	Reporting Framework for Straight Sale
Performing Loans	ESMA Templates	-
Non-performing loans (NPL)	ESMA Templates with Add-on Annex 10	EBA Templates
Homogeneous NPL pool	One ESMA Annex with Add-on Annex 10	EBA Templates
Non-Homogeneous NPL pool	Multiple ESMA Annexes with Add-on Annex 10	EBA Templates

# New NPL law vs Greek NPL market



## Transactions & Sales

- ❑ Sales of reperforming loans: NPL law disapplied. Good news or bad news?
- ❑ Re-introduction of Hercules scheme attests success of the model. Less institutional criticality/mass.
- ❑ Last offer letter: only on primary deals but may now contaminate securitisations.
- ❑ Loan purchaser disclosed: bank vs non-bank securitisations.
- ❑ No secondary trade closed in Q4 2023 in the absence of implementing legislation.
- ❑ Still expecting the BoG's guidelines and instructions.



## Servicing operations & market

- ❑ Relicensing: annoyance or opportunity vs market consolidation?
- ❑ Technology becomes legal requirement. Sourcing of information still in cave age.
- ❑ Servicer account vs securitisation account: ability of servicers to collect in own name vs protected regime of securitisation collection account.
- ❑ Cross-border services vs Greek saturated market - chance to go extrovert?
- ❑ Operating and supervisory rationale more or less same. Stricter outsourcing framework.



## Distressed financing

Two options on financing distressed borrowers:

- ❑ Existing refinancing licenses for servicers for their own portfolios, solely for the purposes of refinancing or restructuring existing debt under management.
- ❑ New type of non-banking financier (building on consumer credit companies precedent) may grant (a) business loans to refinance, restructure or generally if borrower is forbore (b) generally consumer, resi or refinancing loans to individuals.



## REOs & real estate transactions

- ❑ REOC structure in transaction documentation supports securitisation but is not supported by real-life status of RE market.
- ❑ Sale & lease-back vehicle progressing (SLBO)
- ❑ 1 major REO transaction signed but onboarding of assets still slow.
- ❑ 1 major REO servicing JV so far.
- ❑ Amendments to leasing law and first successful leasing portfolio deal may show potential of this asset class.

# **CONSULTATION ON THE SECURITISATION DISCLOSURE TEMPLATES: DIVERGENCE OR CONVERGENCE BETWEEN UK & EU?**

**MARCO ANGHEBEN, EDW**

**MADELEINE HORROCKS, ORRICK**

# REVIEW OF THE SECURITISATION REGULATION

## Challenges of the existing disclosure regime identified by the ESAs

- On 25 March 2021, the ESAs delivered their opinion to the European Commission on the Jurisdictional Scope of Application of the Securitisation Regulation:

[https://www.esma.europa.eu/sites/default/files/library/jc\\_2021\\_16 -  
\\_esas\\_opinion\\_on\\_jurisdictional\\_scope\\_of\\_application\\_of\\_the\\_securitisation\\_regulation\\_003.pdf](https://www.esma.europa.eu/sites/default/files/library/jc_2021_16_-_esas_opinion_on_jurisdictional_scope_of_application_of_the_securitisation_regulation_003.pdf)

- On 21 May 2021, they published a report aiming to identify the status of the application of the Securitisation Regulation as well as some initial inconsistencies and challenges that occurred in the first years of implementation of the SECR:

[https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/1001427/JC%202021%2031%20%28JC%20Report%20on%20the%20implementation%20and%20functioning%20of%20the%20Securitisation%20Regulation%29%20%281%29.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1001427/JC%202021%2031%20%28JC%20Report%20on%20the%20implementation%20and%20functioning%20of%20the%20Securitisation%20Regulation%29%20%281%29.pdf)

- In particular, these documents highlighted:
  - Fragmentation of supervisory responsibilities within the SECR
  - Limitations on the regulatory provision regarding private securitisations, with an overly broad definition
  - Voluntary reporting of private securitisation lacks clarity and standardisation

**The European Commission invited ESMA to review the disclosure requirements.**

# ESMA CONSULTATION ON THE SECURITISATION DISCLOSURE TEMPLATES

## Four proposed options: high level overview

The objective of this consultation is to gather stakeholders' views on **four proposed options** for the revision of the securitisation disclosure framework:

1. Putting the template review on hold until revision of the Level 1 text;
2. Expanding the current framework with the introduction of few amendments to the currently used disclosure templates;
3. Focusing on a targeted review for streamlining the information required and developing a new dedicated and simplified template for private securitisations only; or
4. Undertaking a thorough review of the current disclosure framework proposing a significant simplification of the templates.

**Deadline: 15 March 2024**

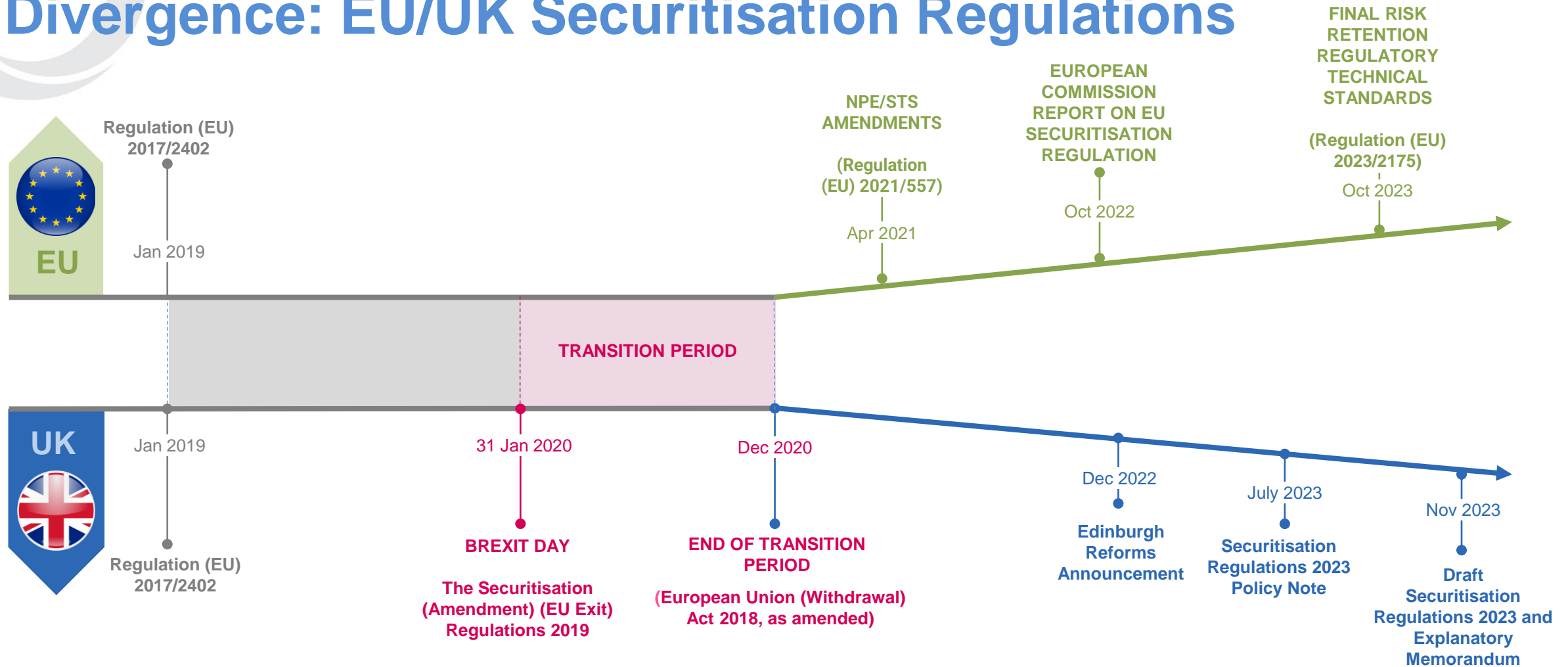
## FOUR POLICY OPTIONS PROPOSED BY ESMA

	Option A	Option B	Option C	Option D
Loan-Level Data (LLD) granularity	Preserving LLD	Preserving LLD	Removing LLD for certain highly-granular asset classes	Removing LLD for certain highly-granular asset classes
Simplifying or Enriching templates	Maintaining current set of templates and fields	Inclusion of new risk indicators	Slight simplification of the current templates	Simplified individual templates based on underlying asset characteristics
ND options	Unchanged	Restricting use of ND options	Unchanged	Substitute ND options with Mandatory/Optional fields
Private Securitisation	Unchanged	Unchanged	Dedicated template for private securitisation shaped on supervisory needs	Same level of (simplified) information for private and public securitisation

Source: ESMA Consultation Paper on the Securitisation Disclosure Templates

# TIMELINE

## Divergence: EU/UK Securitisation Regulations



# **THE LATEST DEVELOPMENTS IN SYNTHETIC SECURITISATIONS**

**MICHAEL OSSWALD, STS VERIFICATION INTERNATIONAL**



THE STS VERIFICATION PROCESS  
– THE STRUCTURED PATH TO  
YOUR SUCCESS.

# Latest Developments in Synthetic Securitisations

Michael Osswald

STS Verification International GmbH ("SVI")

European DataWarehouse Greek Workshop, 30 January 2024 (Athens)

# THE STS MARKET SEGMENT AND THE ROLE OF THE THIRD-PARTY VERIFIER

## Simple, Transparent & Standardised (“STS”) Securitisations

- As part of the European securitization framework, the STS regime has been established in 2019 as a first-class capital market segment with strict and uniform regulation
- The STS label offers access to the widest investor base possible
- Market standard for public securitization, widely used by private securitisations
- STS reduces the capital requirements for investors and originators (for retained senior tranches in synthetic transactions)



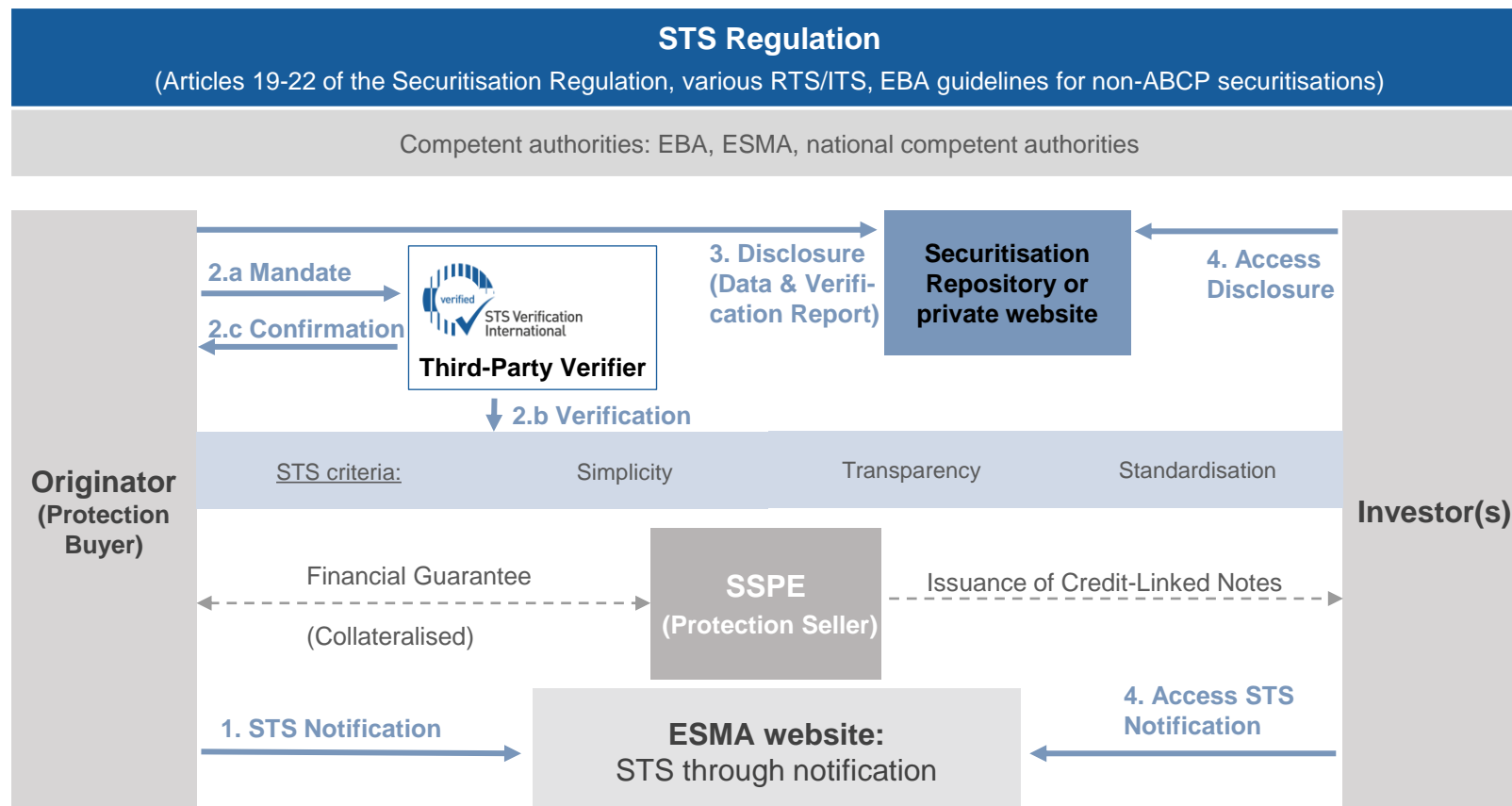
## The Role of the Third-Party Verifier (“TPV”)



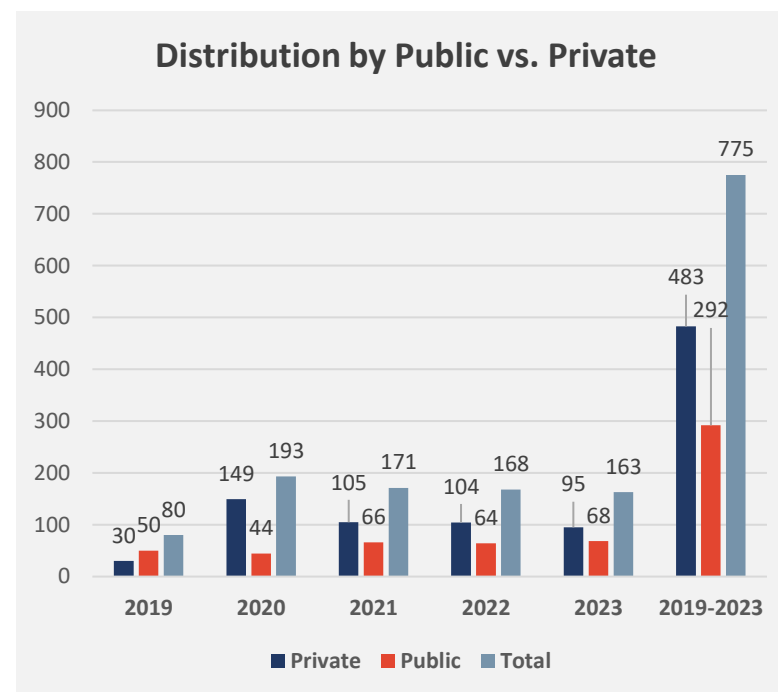
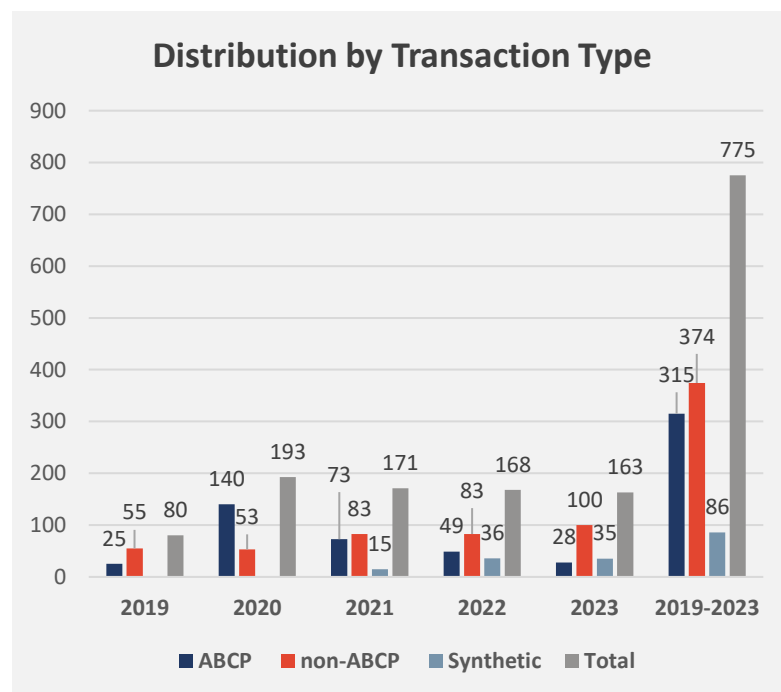
- A Third-Party Verifier can be appointed by the originator, the sponsor or the SSPE to assess, and, where applicable, verify compliance of a securitisation with the STS criteria
- The TPV ensures appropriate interpretation and consistent application of the STS criteria (incl. RTS/ITS and guidelines) during the structuring phase, thereby reducing liability risk for the transaction parties
- The TPV acts as first point of contact for questions and coordinated approach to the competent supervisory authorities

# STS NOTIFICATION AND STS VERIFICATION

(EXAMPLE OF SYNTHETIC ON-BALANCE SHEET SECURITISATIONS – FUNDED WITH SSPE)



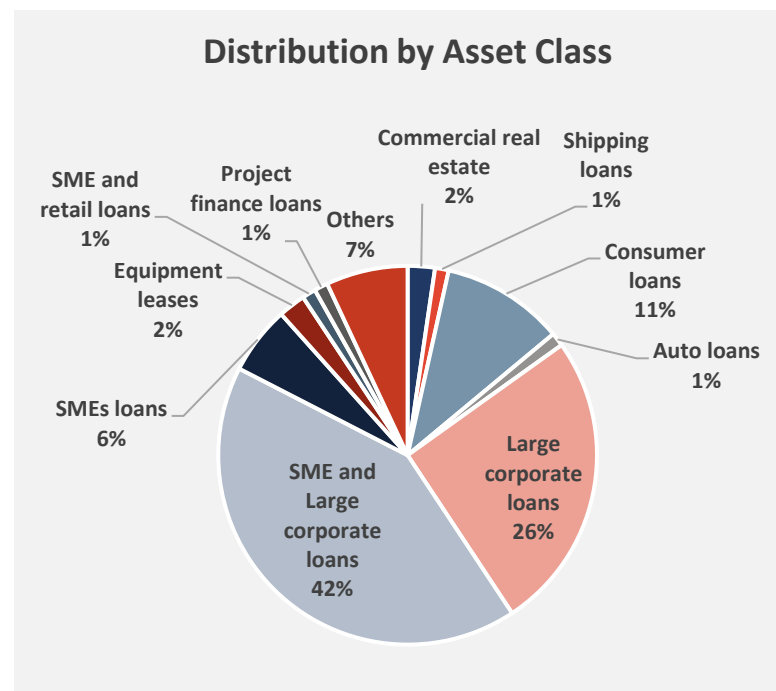
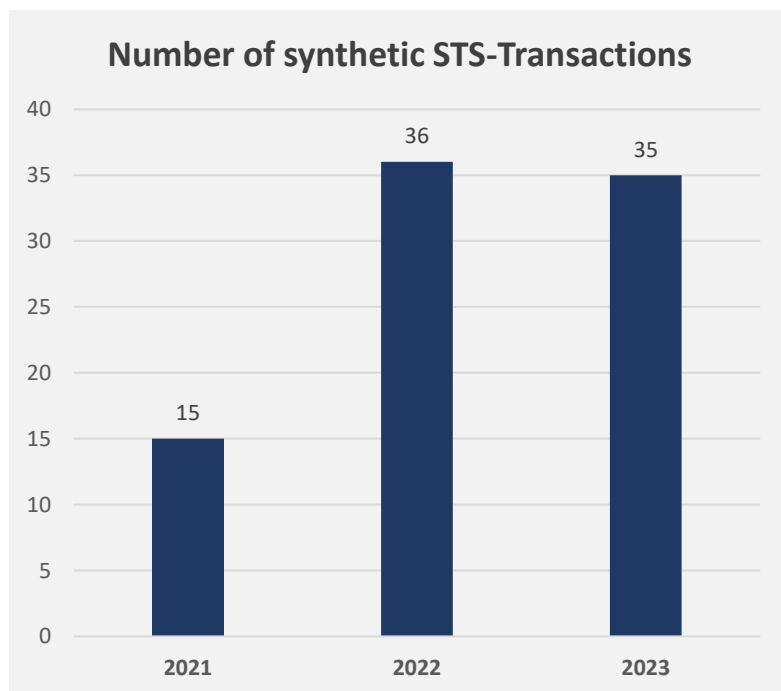
# DEVELOPMENT OF THE MARKET FOR STS TRANSACTIONS (2019 - 2023)



\*Period 1.1.2019 – 31.12.2023; Source: ESMA Website 12.01.2024, SVI

- Currently 775 securitisations have been notified as STS-compliant (374 non-ABCP vs. 315 ABCP vs. 86 Synthetic, 292 public vs. 483 private transactions)
- STS-compliant transactions can be notified to ESMA as either “public” or “private” transactions, with resulting vastly different level of disclosure

# OVERVIEW ON THE MARKET FOR STS ON-BALANCE-SHEET TRANSACTIONS (2021 - 2023)



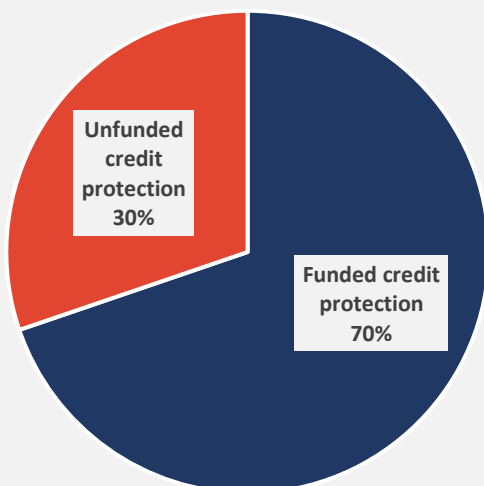
\*Period 6.4.2021 – 31.12.2023; Source: ESMA Website 12.01.2024, SVI

- While April 2021 marked the start of the market for synthetic STS transactions, the two following years have seen a robust development of the market, including a series of transactions from major Greek banks involving a variety of underlying portfolios
- Large Corporate loan portfolios and mixed portfolios of SMEs and Large Corporate loans are the predominant asset classes for STS on-balance-sheet transactions

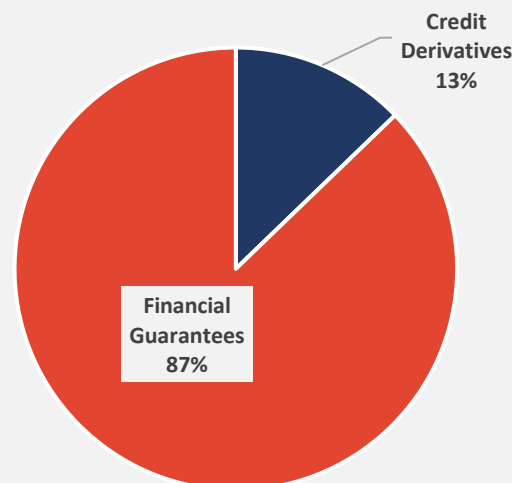


# OVERVIEW ON THE MARKET FOR STS ON-BALANCE-SHEET TRANSACTIONS (2021 - 2023) (CONTINUED)

Funded vs. Unfunded Credit Protection



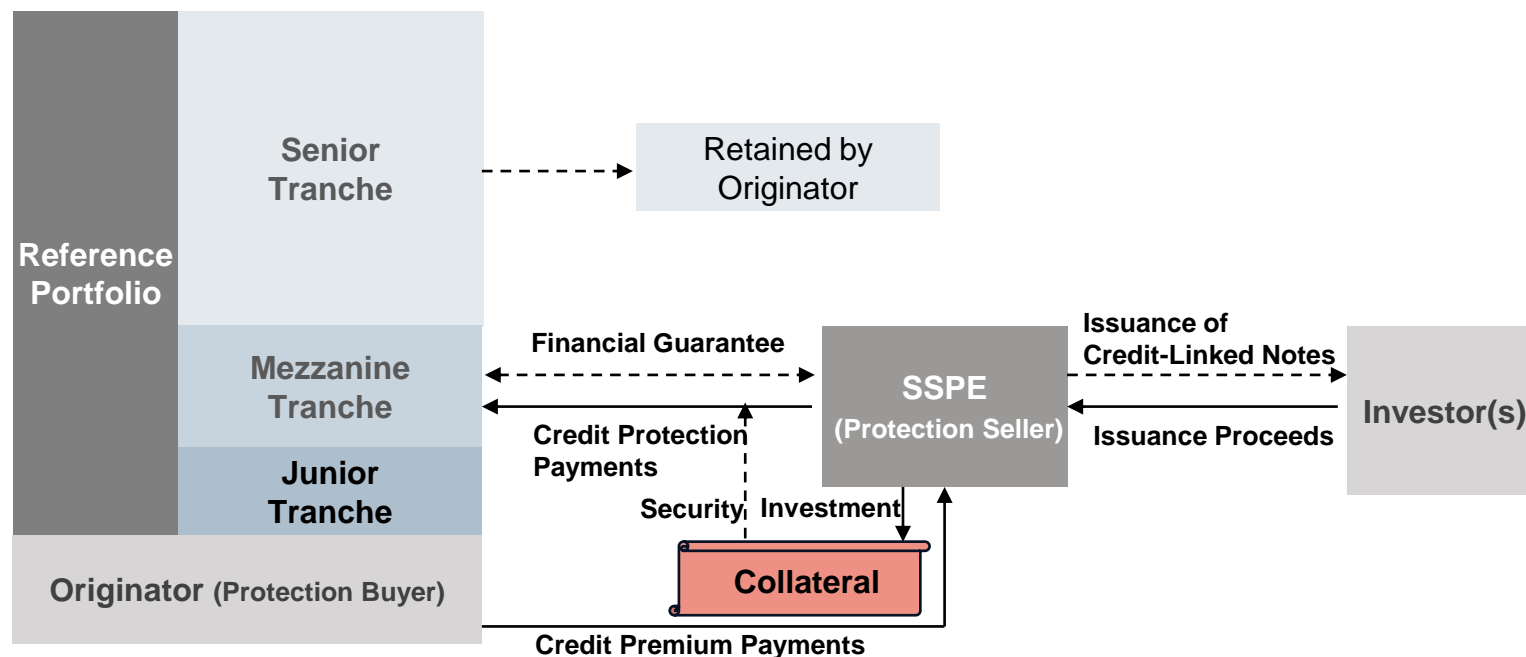
Financial Guarantees vs. Credit Derivatives



\*Period 6.4.2021 – 31.12.2023; Source: ESMA Website 12.01.2024, SVI

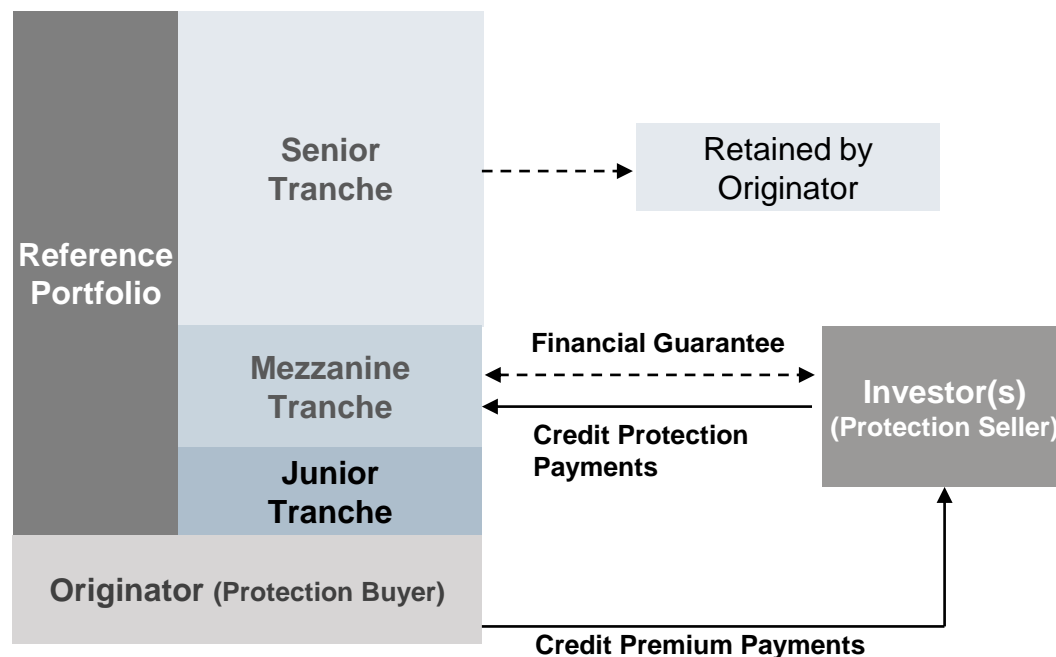
- 70% of STS on-balance-sheet transactions have a funded credit protection, the remainder being unfunded transactions with a 0% risk weighted counterparty as investor (EIF, EBRD, IFC)
- Financial Guarantees are the common tool for the risk transfer in STS on-balance-sheet transactions compared to Credit Derivatives (which include CLNs issued directly by the bank)

# STS FOR SYNTHETIC SECURITISATIONS – MAIN STRUCTURES – FUNDED WITH SSPE



- **Collateral** in the form of
  - 0% risk weighted debt securities
  - Cash on deposit (at Originator if min. CQS 2; at third-party bank if min. CQS 3)
- **Investors**
  - Usually private investors

# STS FOR SYNTHETIC SECURITISATIONS – MAIN STRUCTURES - UNFUNDED



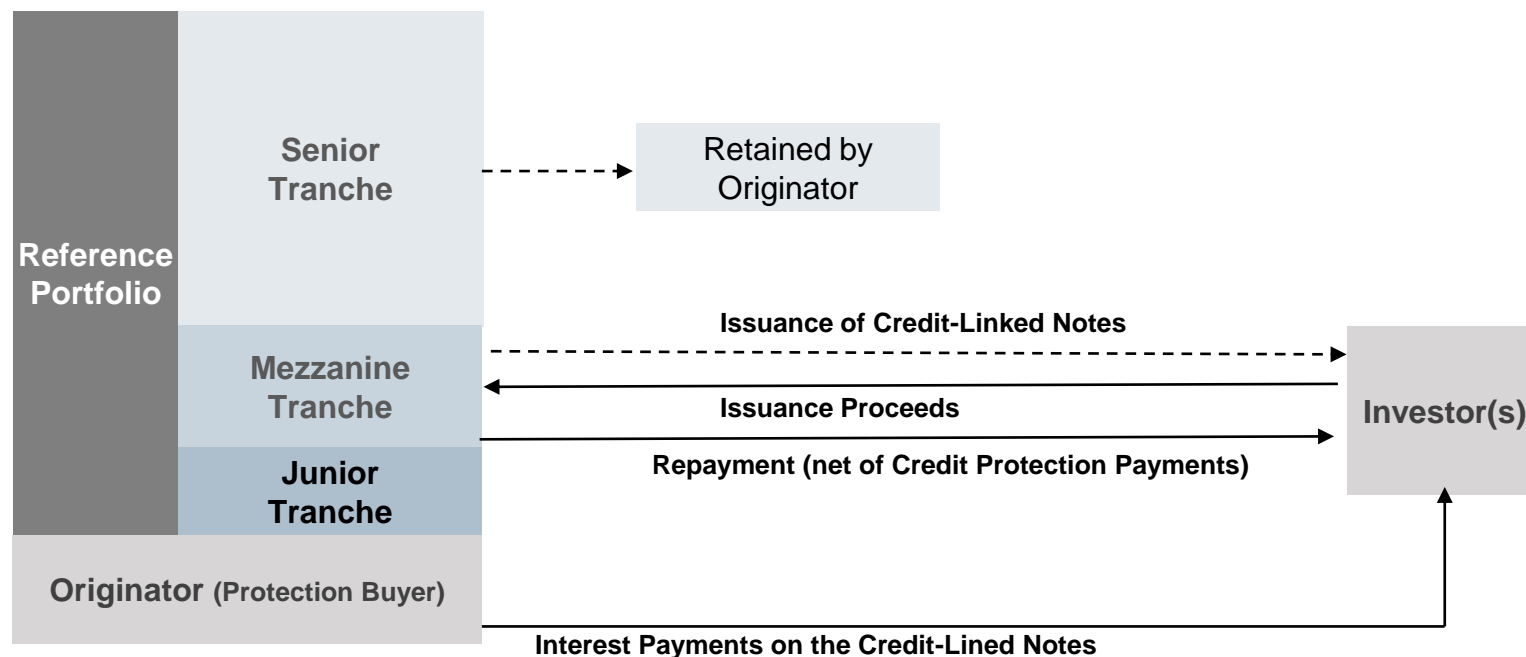
## ■ Protection Seller

- Must be 0% risk weighted counterparty
- Usually one of the multilateral development banks (EIF, EBRD, IFC, etc.)

## ■ Collateral

- No Collateral requirements under STS

## STS FOR SYNTHETIC SECURITISATIONS – MAIN STRUCTURES – DIRECT ISSUANCE OF CLN<sub>s</sub>



### ■ Structure

- Direct issuance of Credit-Linked Notes by the Originator
- The Terms & Conditions include provisions to allocate losses on the protected tranche(s) to the Credit-Linked Noteholders

### ■ Collateral

- No Collateral requirements under STS

# STS CRITERIA FOR SYNTHETIC ON-BALANCE-SHEET SECURITISATIONS

## Comparison between the STS Criteria for synthetic on-balance-sheet securitisations and the STS Criteria for non-ABCP traditional securitisations

### DELETED STS CRITERIA

- Art. 20 (1) – (5): True sale criteria
- Art. 20 (13): repayment of the securitisation positions not predominantly dependent on the sale of assets securing the underlying exposures
- Art. 21 (9): Clear terms for defaulted receivables and priority of payments

### NEW STS CRITERIA

- Art. 26b (1) – (2): Originator requirements and origination of underlying exposures
- Art. 26b (3): On-balance-sheet holding of the underlying exposures by the originator or a group entity
- Art. 26b (4): No further credit hedging of the portfolio
- Art. 26b (5): Compliance with credit risk mitigation rules of the CRR
- Art. 26c (9): Reference register
- Art. 26e (1): Credit events
- Art. 26e (2): Credit protection payment
- Art. 26e (3): Credit protection agreement (extension period for workout, credit protection premiums)
- Art. 26e (4): Third-party verification agent
- Art. 26e (5), (6): Transaction termination provisions (originator, investors)
- Art. 26e (7): Synthetic excess spread
- Art. 26e (8) – (10): Type of credit protection agreements, collateral requirements

# STS CRITERIA FOR SYNTHETIC ON-BALANCE-SHEET SECURITISATIONS (CONTINUED)

## Comparison between the STS Criteria for synthetic on-balance-sheet securitisations and the STS Criteria for non-ABCP traditional securitisations (continued)

### (VIRTUALLY) UNCHANGED STS CRITERIA

- Art. 26b (8): Homogeneity, defined payment streams, no transferable securities
- Art. 26b (9): No securitisation positions
- Art. 26b (10): Underwriting standards, originator experience
- Art. 26b (11): No defaulted exposures or exposures to credit-impaired debtors
- Art. 26b (12): At least 1 payment made by debtor
- Art. 26c (1): Risk retention
- Art. 26c (2): Appropriate hedging of interest rate and currency risks
- Art. 26c (8): Experience of the servicer
- Art. 26c (10): Clear rules in the event of conflicts between noteholders
- Art. 26d (1): Historical performance data
- Art. 26d (2): Asset audit
- Art. 26d (3): Liability cashflow model
- Art. 26d (4): Environmental performance data on the financed assets or information on adverse impacts of the financed assets on sustainability factors
- Art. 26d (5): Disclosure requirements (Art. 7)

### (SLIGHTLY) AMENDED STS CRITERIA

- Art. 26b (6): Reps & warranties of the originator on the underlying exposures
- Art. 26b (7): Eligibility criteria, no active portfolio management
- Art. 26c (3): Generally used reference rates for interest payments
- Art. 26c (4): Requirements in the event of an enforcement
- Art. 26c (5): Pro-rata vs. sequential amortization and triggers
- Art. 26c (6): Early amortisation provisions/triggers for termination of the revolving phase
- Art. 26c (7): Clear rules in the Transaction documentation on obligations of key transaction parties

# STATUS QUO OF THE REGULATORY FRAMEWORK FOR SYNTHETIC STS SECURITISATIONS

**Outstanding pieces of level 2 and level 3 legislation that apply directly or indirectly to synthetic on-balance sheet securitisations:**

- **RTS on performance-related triggers**

- Final draft dated 19 Sept 2022

- **RTS on exposure value of synthetic excess spread**

- Final draft dated 24 April 2023

- **RTS on the homogeneity of STS securitisations**

- Final draft dated 23 Feb 2023 (expected to become effective during Q1 2024)

- **EBA Guidelines on synthetic on-balance securitisations**

- Consultation paper dated 21 April 2023, followed by extensive consultation between ESAs and market participants during summer 2023 (finalised guidelines expected for Q2 2024)

- **RTS on disclosure templates**

- ESMA has been asked to improve the functioning of the transparency requirements
- Consultation paper dated 21 Dec 2023, with consultation open until 15 March 2024

- **RTS on STS securitisations-related sustainability disclosures**

- Consultation period expired on 2 July 2022
- Only relevant for Auto ABS and RMBS



# **COVERED BOND OUTLOOK**

**MATHIAS PLEISSNER, SCOPE RATINGS**



Ratings

# Covered Bonds Outlook 2024

EDW Spring Workshop Athen



## Scopes Covered Bonds team

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**Fatemeh Torabi Kachousangi**

Associate Analyst

Over 3 years industry experience at ING

## Scope at a glance

- Financial Institution: 125 issuer ratings, 73 individual banking groups with an aggregated balance sheet of c. EUR 35trn
- Covered Bonds: 41 covered bond ratings (302bn EUR equiv.), 27 individual issuers

### Registered credit rating agency

ESMA accreditation in 2012  
One of the “Big Five” (2023<sup>1</sup>)  
(European Securities and Markets Authority)

### 250+ employees

entrepreneurial culture

### Pan-European

Berlin · London · Madrid  
Frankfurt · Milan · Paris · Oslo  
Hamburg · Poznań

### Serving ~350 institutional investors

with total assets under  
management of circa € 49trn

### ECB

Only European rating agency holding ECAF<sup>2</sup> status  
since:

2023

### Only European rating agency mandated<sup>3</sup> by the European Union

<sup>1</sup> See “[EU Credit Ratings market 2023](#)” (2023) <sup>2</sup> “[ECB accepts Scope Ratings within Eurosystem Credit Assessment Framework](#)” <sup>3</sup> Please see “[European Commission mandates Scope to rate its creditworthiness](#)” (2022).



## Key Facts for Scope Covered Bond Ratings

### How do our USP's impact key credit measures for covered bonds

- Rating definitions are key to understand differences in Supporting oc  
*(first dollar loss [S&P, Fitch] vs Expected loss [Moodys, Scope])*
- Rating levels compared to other CRAs might differ because of the non-mechanistic application of caps  
*(i.e. differences in France/ Spain/ Italy and Greece [rating caps applied by e.g. Fitch, Moodys and S&P])*
- Bottom up asset analysis allows for issuer and product specific assumptions  
*Scope believes that issuer's generally know best about their current risks and corroborates this view by analysing the issuer specific product performance metrics.*
- Vintage data analysis allows to establish assumptions based on observed and issuer specific defaults and recovery experiences.  
*Scope also takes recourse to the issuer's own risk measures (e.g. internal ratings/ scores) if back-testing information supports that these are a reliable discriminator of credit risk.*  
*Where possible Scope avoids reverting to generic, "ex ante" assumptions for the PD and LGD of the cover pool.*



## Agenda

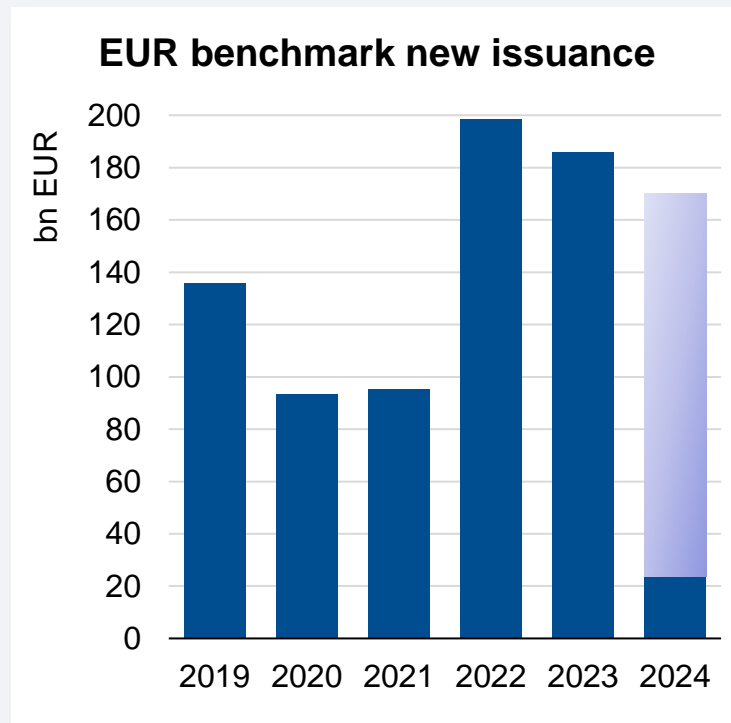
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- Covered bond issuance, key trends
- European banks at a crossroads
- Europe's house prices weather the storm
- Systemic mortgage risk remains high
- Regulatory toolkits helps mitigating systemic risks

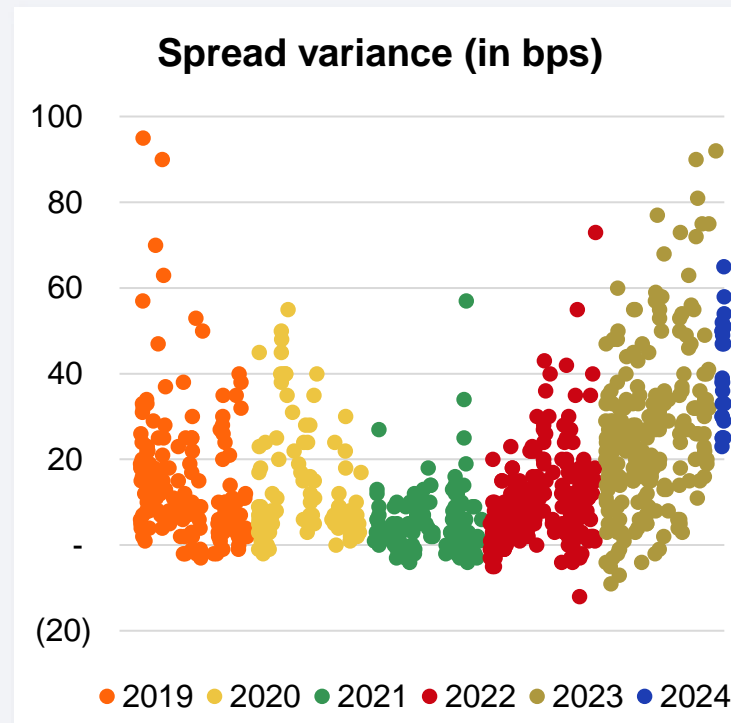


## Key trends 2024 - EUR benchmark issuance

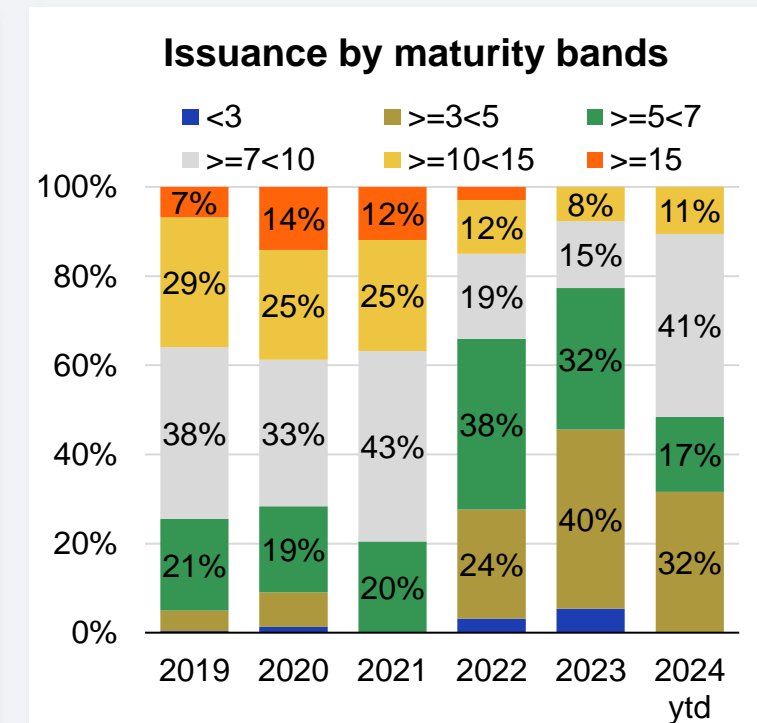
- Rolling maturities, unwinding of TLTRO and CBPP3, rate policy together with geopolitical and economical drivers will shape the Covered Bond markets in 2024
- There is one key certainty – the revival of buyers market with the ECB's retreat – a watershed



Source: Scope Ratings, bond radar



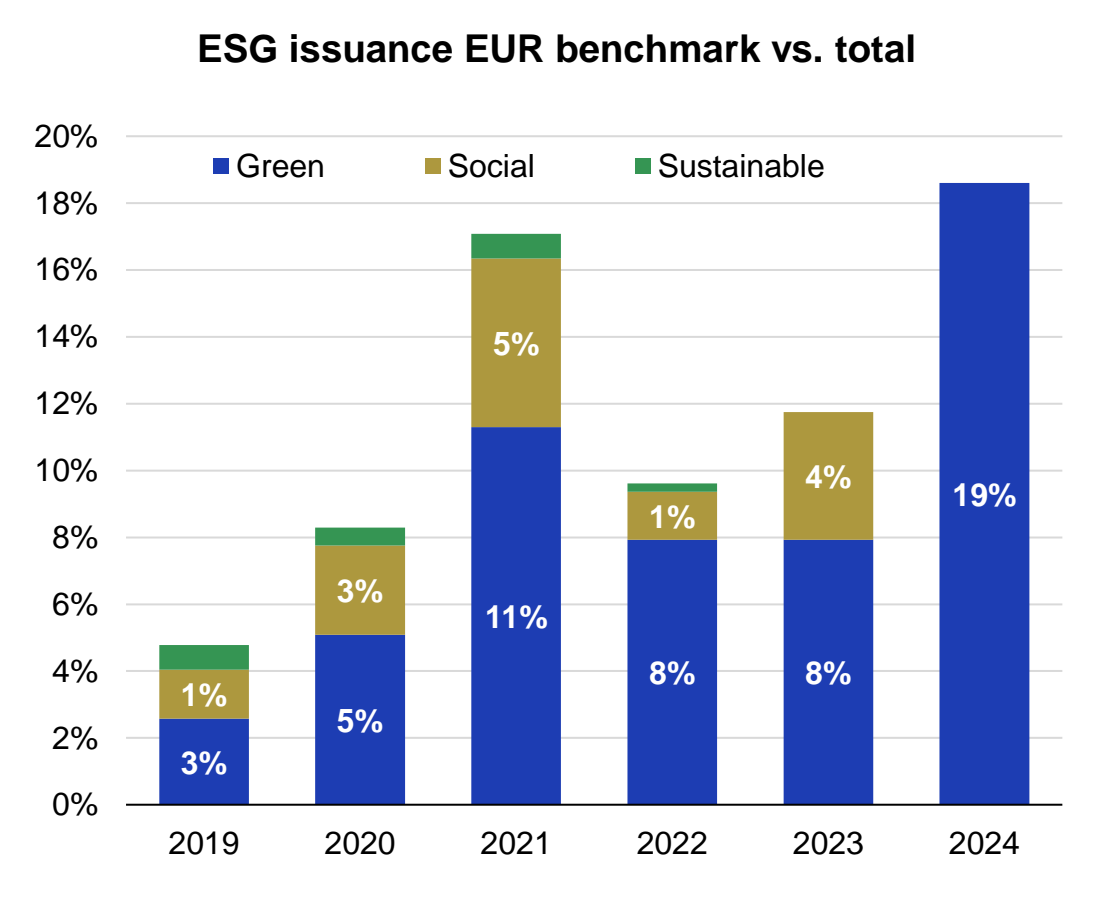
Source: Scope Ratings, bond radar



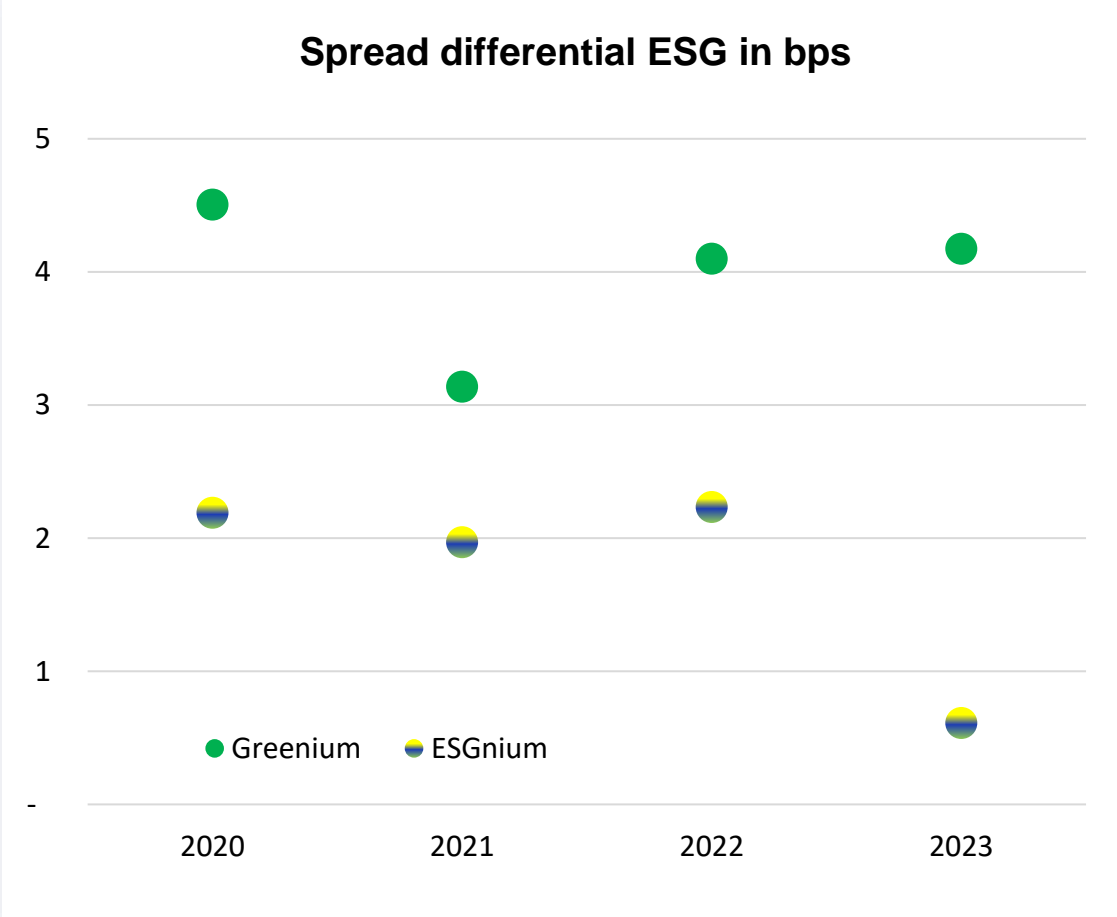
Source: Scope Ratings, bond radar

# Key trends 2024 - Greenium, what greenium – again...

ESG compliant covered bonds still a niche – but indispensable while its spread differential remains low



Source: Scope Ratings



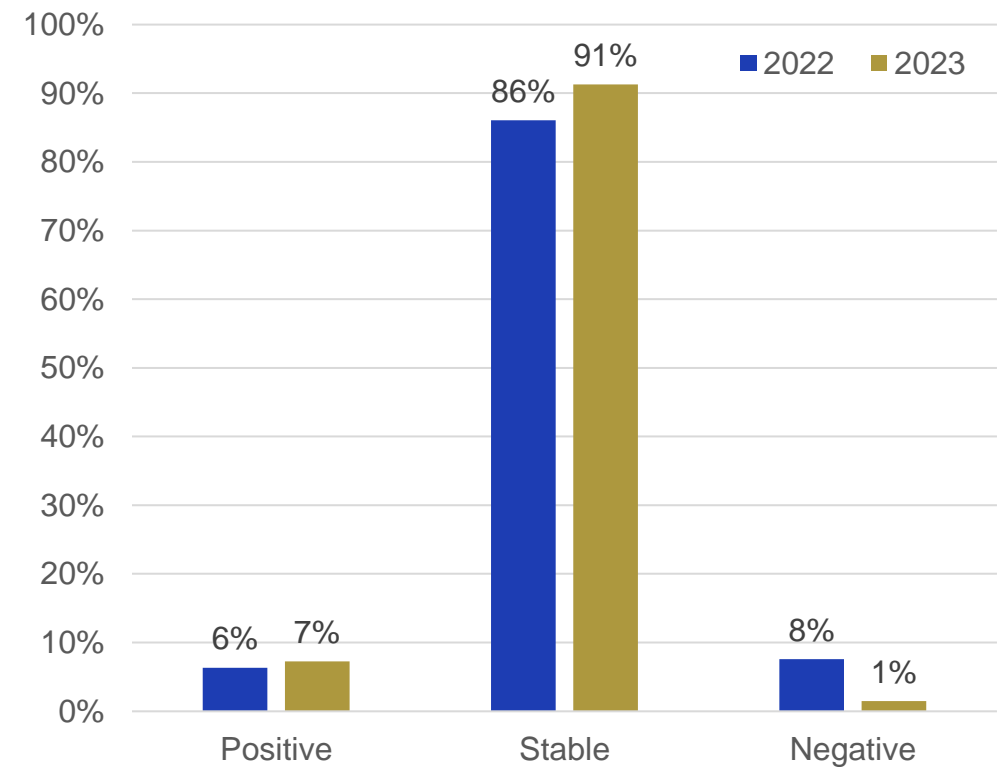
Source: Scope Ratings

## Key trends 2024 - European banks at a crossroads

Sound fundamentals support credit profiles but profitability will decline

- Headwinds from CRE expected to continue
- Corporate defaults with a growing number
- Systematic shock from asset performance is unlikely, NPL formation is contained and spread widely across countries and sectors
- Net interest income expected to contradict from higher competition for deposits after banks benefitted strongly from rate hikes
- Capital metrics remains a key credit strength for the sector
- Funding and liquidity will continue to normalise from very strong levels, as the last TLTRO III instalments are repaid.

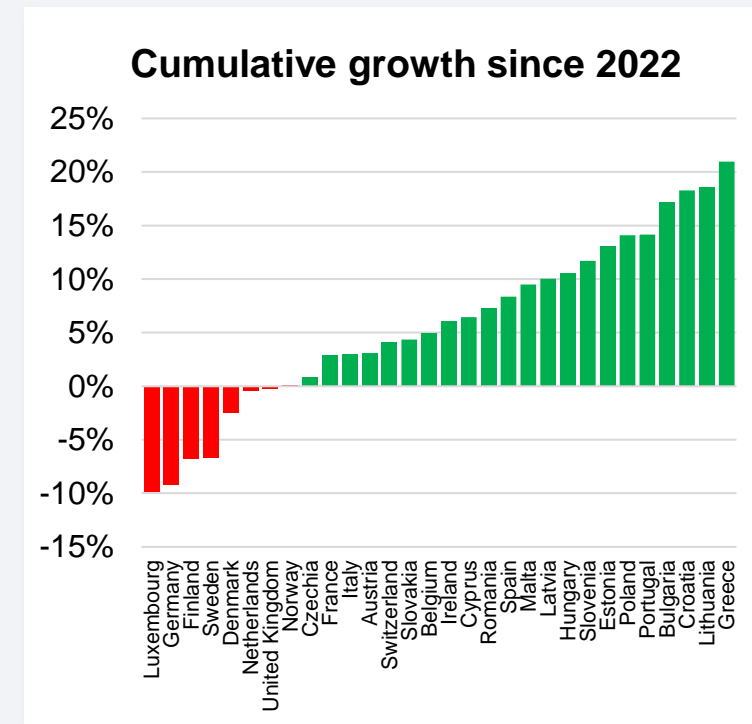
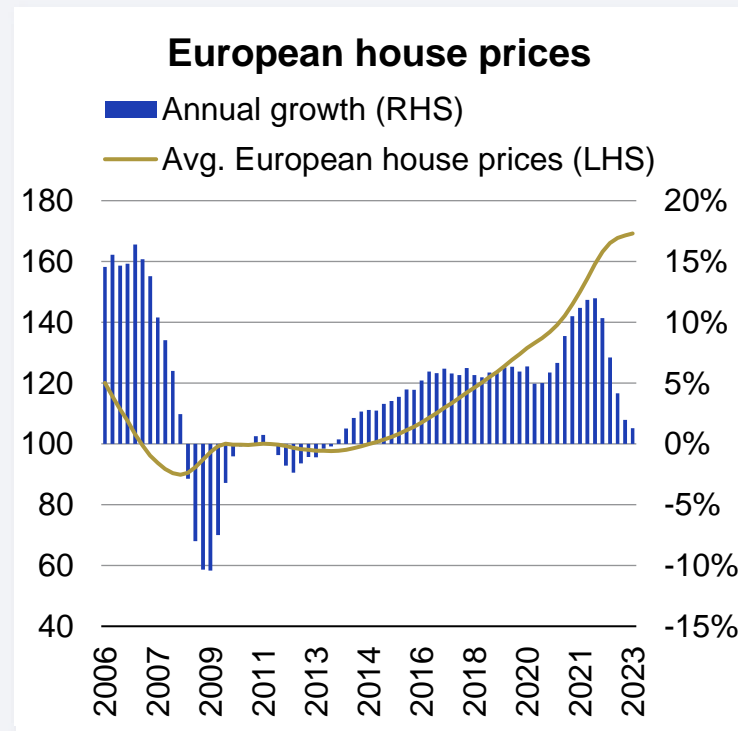
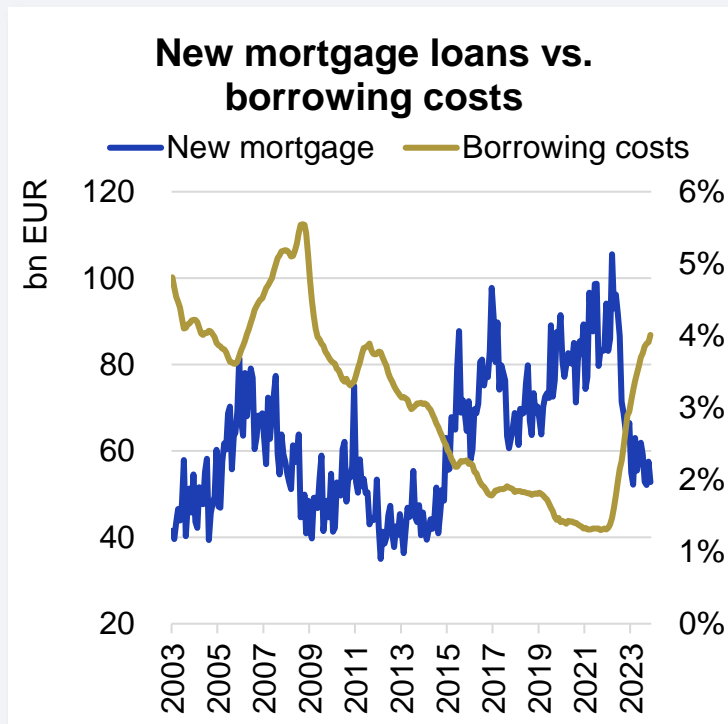
### Scope Financial Institution outlook



Source: Scope Ratings

## Key trends 2024 - Europe's house prices weather the storm

- Despite rate policy shift residential house-prices remain relatively robust. Far from GFC effects
- Some countries, in particular some with higher systemic risks saw corrections



## Key trends 2024 - Systemic risk from housing remains high

Highest risks amongst the “Nordics”. However mitigants exist

Three key factors drive a mortgage markets’ systemic risks

1. Households encumbrance of owner occupied property
2. Leverage as a function of exposure to rate rise (variable loans)
3. Sustainability of long term house price growth

Mitigating factors can help to soften effects. Amongst those

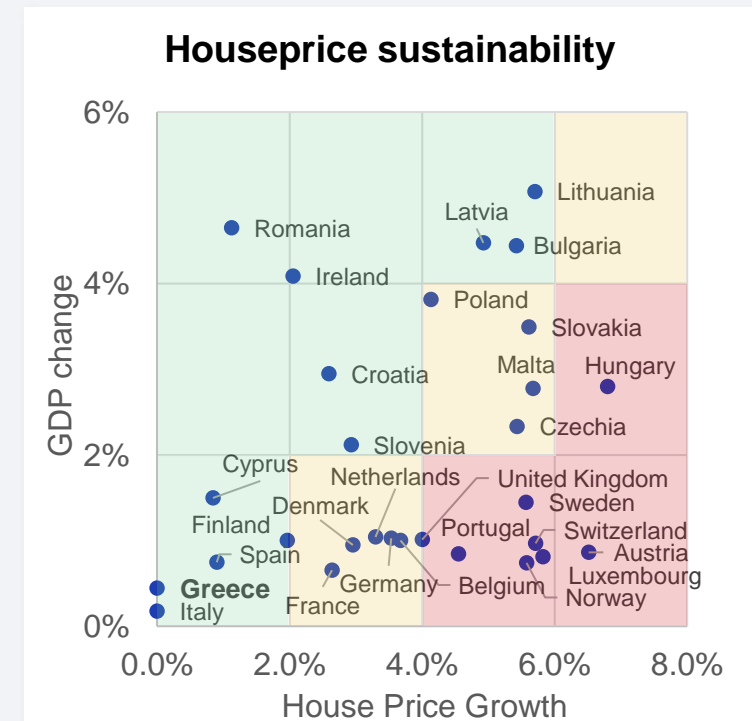
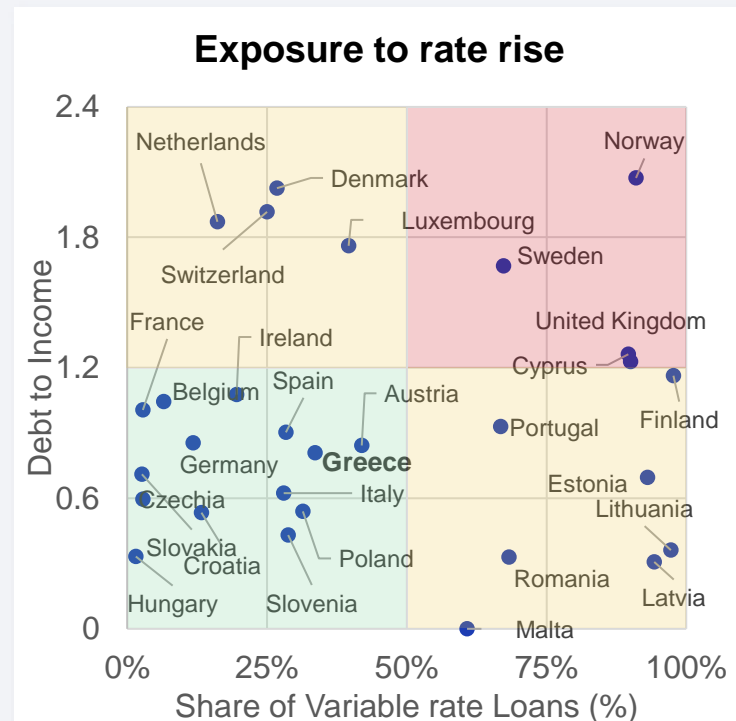
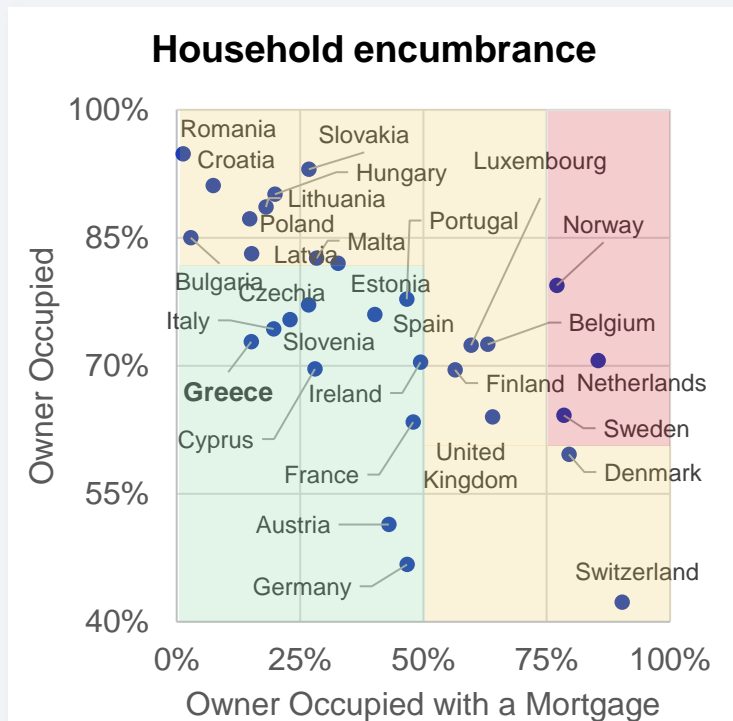
- High household wealth
- Demographic changes; demand/supply
- Political environment
- Regulation / Macroprudential measures



Source: Scope Rating

## Key trends 2024 - Systemic risk from housing remains high

- While Nordic's show to be most exposed to Scope analysed systemic risks, in particular countries that went through a massive correction during the GFC show to be less exposed
- This refers for instance to Greece, Italy, Spain and Ireland – all with low risks (green) in all three categories



## Key trends 2024 - Regulatory toolkits helps mitigating systemic risks

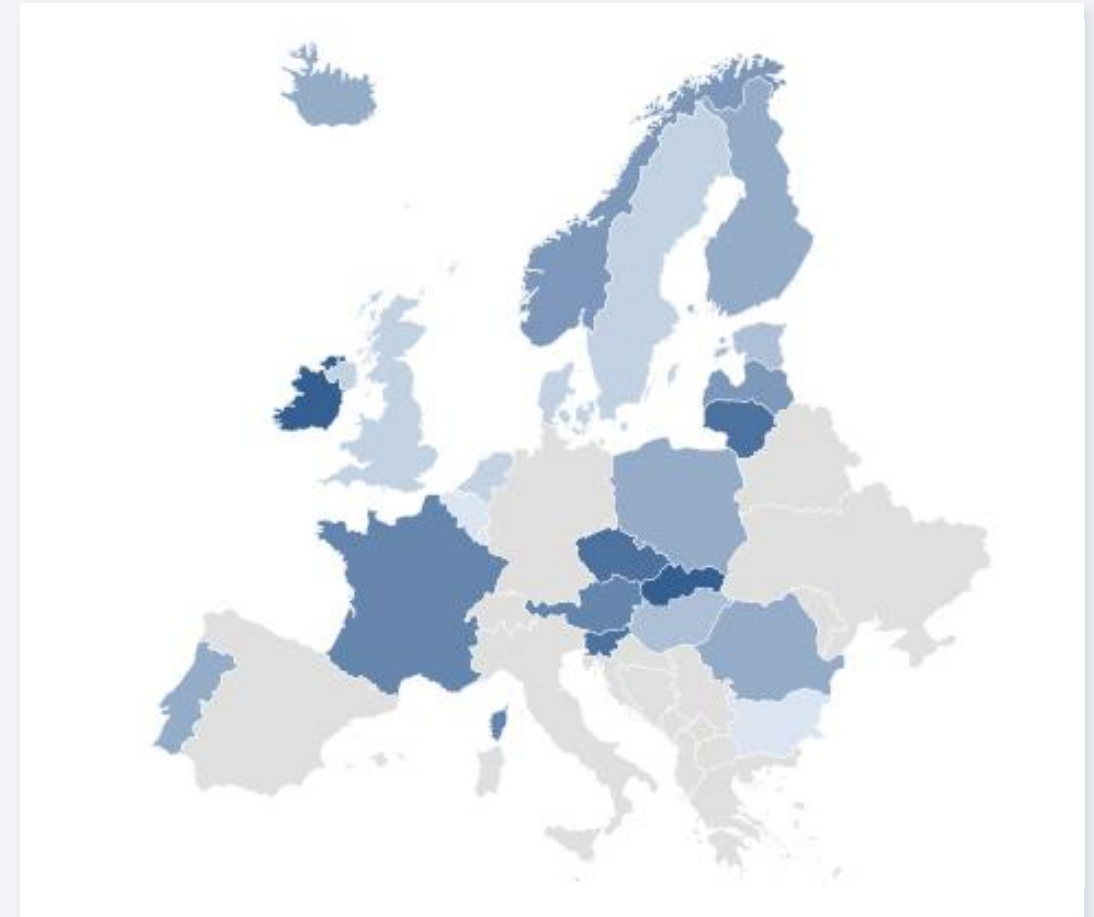
High systemic risks can partly be mitigated by macroprudential measures

Amongst those countries that are heavily exposed to systemic risk factors, are also those that are heavily using macroprudential measures

- LTV based
- Income based
- Amortisation or tenor

BIS study proved their effectiveness

Other countries to follow (Germany)



Source: Scope Ratings , ESRB



Group

[scopegroup.com](https://scopegroup.com)

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# **EDW COVERED BOND REPORTING SOLUTION**

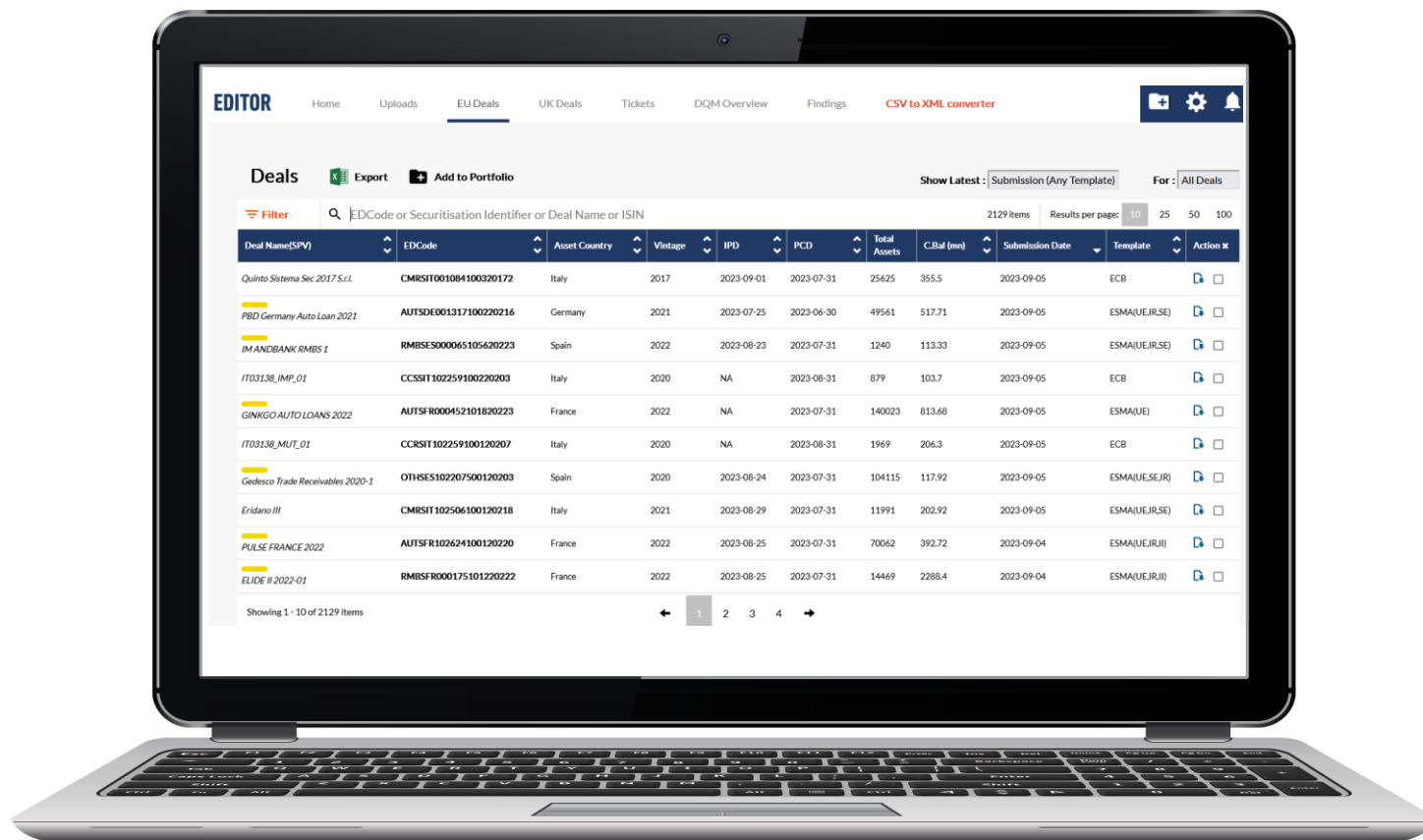
**MARCO ANGHEBEN, EDW**

# INTRODUCTION TO EDITOR – THE CENTRALISED PLATFORM

**EDITOR** is an integrated web application developed by European DataWarehouse (EDW). It allows issuers to upload the relevant information in a safe and controlled environment.

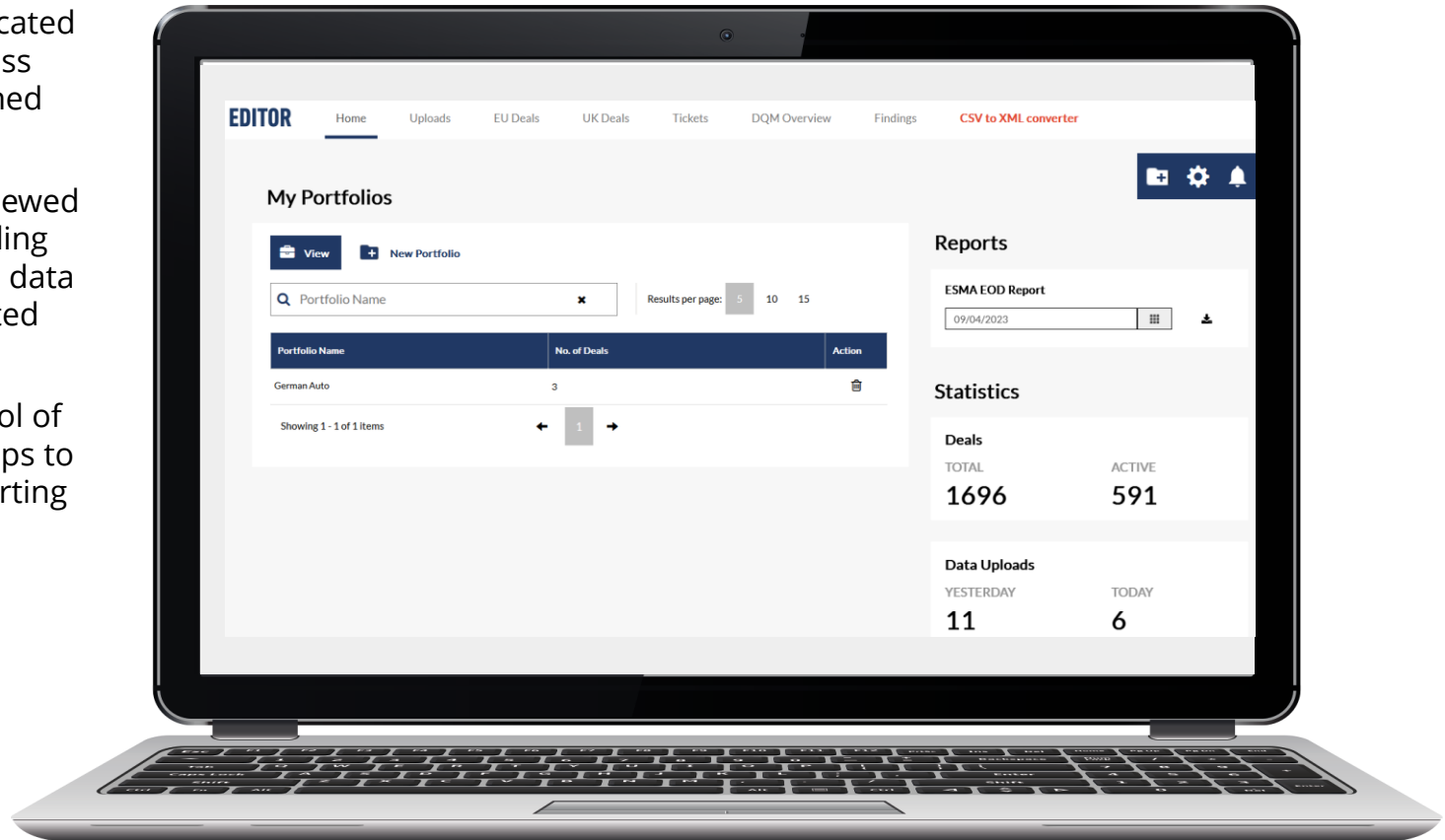
## Key features:

- Provides private area to support reporting of private deals
- Enables the regular upload of different types of documents in various formats
- Allows issuers to maintain data user access



# KEY BENEFITS OF EDW'S EDITOR SOLUTION

- EDITOR provides a dedicated private area where access restrictions can be defined for each document
- Individual files can be viewed by selected users, enabling private and confidential data to be shared with selected parties
- EDITOR offers full control of underlying data and helps to achieve consistent reporting

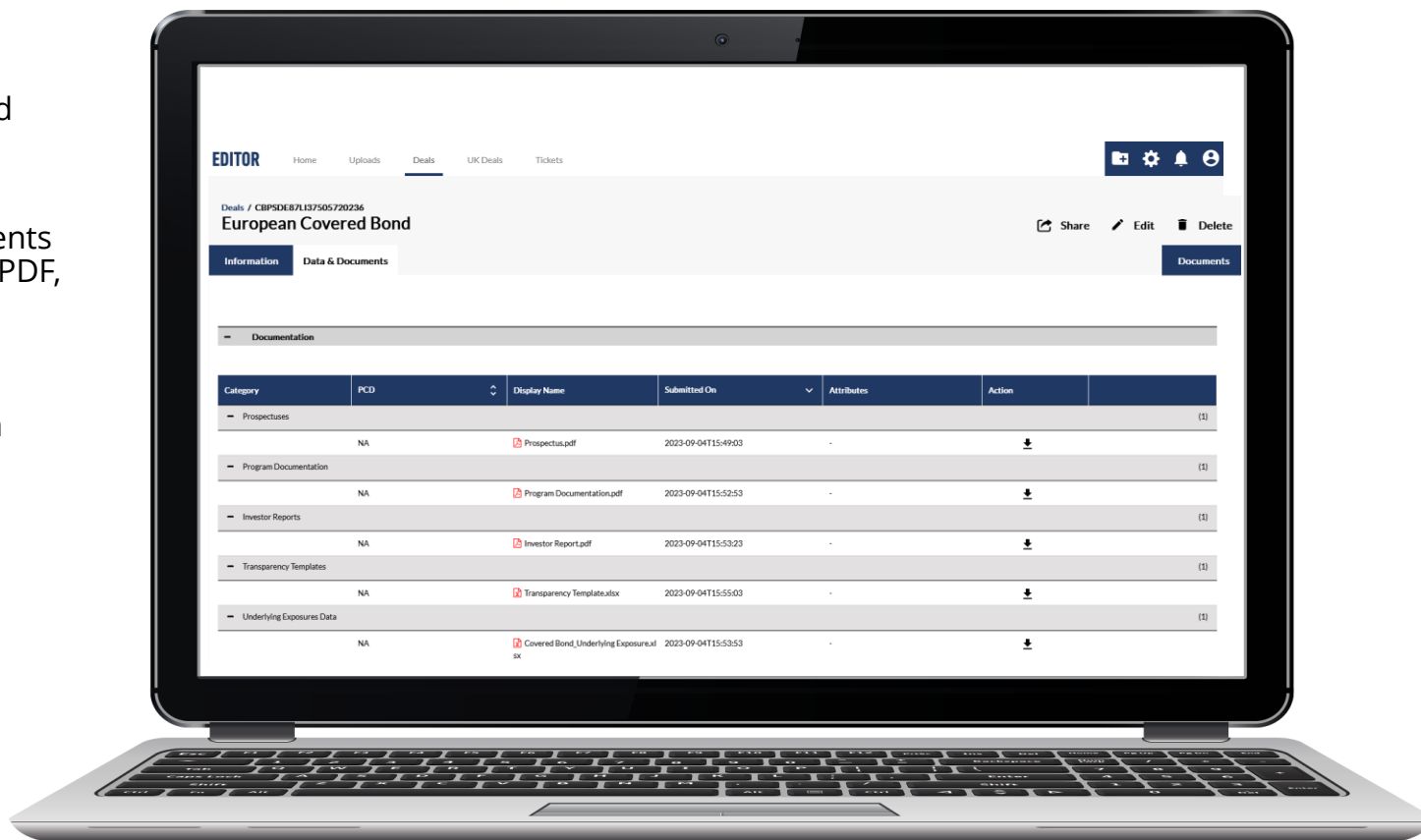


# CONTROLLED COVERED BOND ACCESS

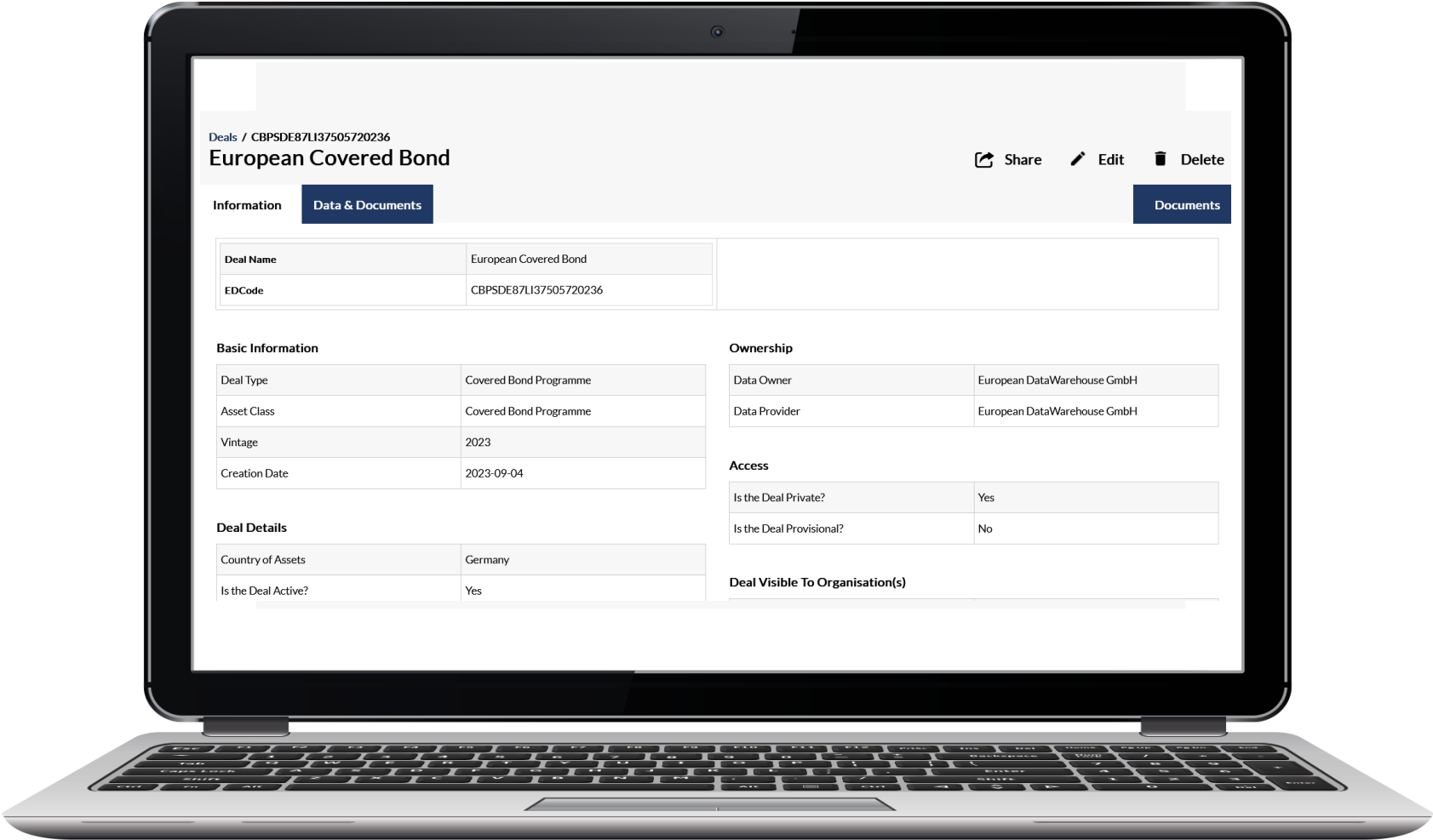
Access to the Covered Bond area is controlled and maintained by issuers.

Issuers can upload documents in various formats such as PDF, CSV, Excel related to:

- Prospectus
- Program Documentation
- Series Documentation
- Investor Reports
- Transparency Templates
- Financial Information
- Other Documentation



# COVERED BOND REPORTING INTERFACE



# QUICK AND SIMPLE COVERED BOND CREATION PROCESS

Issuers can create a covered bond in EDITOR in a few simple steps:

1. Click on the deal creation button and select “Covered Bond Programme” as the deal type. The relevant fields to be populated will be automatically displayed.
2. Invite users to access the covered bond area. This field can be edited at a later stage

## **Please note:**

- The covered bond is created by default in EDW private area with controlled access.

**Create Deal**

**Basic Information**

**Deal Type** ⓘ  
Covered Bond Programme

**Country of Assets** ⓘ  
Germany

**Deal Name** ⓘ  
European Covered Bond

**Vintage** ⓘ  
2023

**Ownership**

**Data Owner** ⓘ  
European DataWarehouse GmbH

**Data Provider** ⓘ  
European DataWarehouse GmbH

**Access**

**Terms & Conditions:**  
Choose File No file chosen Upload

**Private Deal - Invite User(s)** ⓘ  
Enter email address ADD

**Private Deal - Invite Organisation(s)** ⓘ  
Org Name as registered with EDW ADD Remove

**Please read through and confirm the information you have provided is correct before selecting 'Create'**

Cancel Create

**Please be aware**

- Fill in all fields unless otherwise indicated.
- If you have any questions, please do not hesitate to contact us at enquiries@edw.eu

**Data Templates that you can use:**  
No structured template available  
✓ Any public or private documentation (e.g. Excel, PDF, Word, etc.). These will not be subject to scheme / content format checks.

**Who can see your data:**  
• Only users and organisations to whom you have granted access.

# STREAMLINED COVERED BOND DOCUMENT UPLOAD PROCESS

1. An issuer can upload documents by clicking on "Documents" and selecting the relevant document types:

## Covered Bond Programme Documents

- 201 - Prospectuses
- 202 - Program Documentation
- 203 - Series Documentation
- 204 - Investor Reports
- 205 - Transparency Templates
- 206 - Underlying Exposures Data
- 207 - Financial Information
- 208 - Other

2. An issuer can upload private documents related to a specific covered bond and define user access.

Deals / CBPSDE87LI37505720236

## European Covered Bond

Share Edit Delete

**Documents**

Here you can upload and/or delete submitted documents for this Entity. 5 Document(s) Uploaded

**Upload New Document(s)** Help

**Upload Type**

Document Link

**Document Type \***

201 - Prospectuses

**Document File \*** Click or drop file here

**Signature File** Click or drop signature file here

**Is Provisional ?** Yes No

**Is Private ?** Yes No

**Document Visible To User(s)** enquiries@eurodw.eu + -

**Disclaimer Text**

Reset Upload

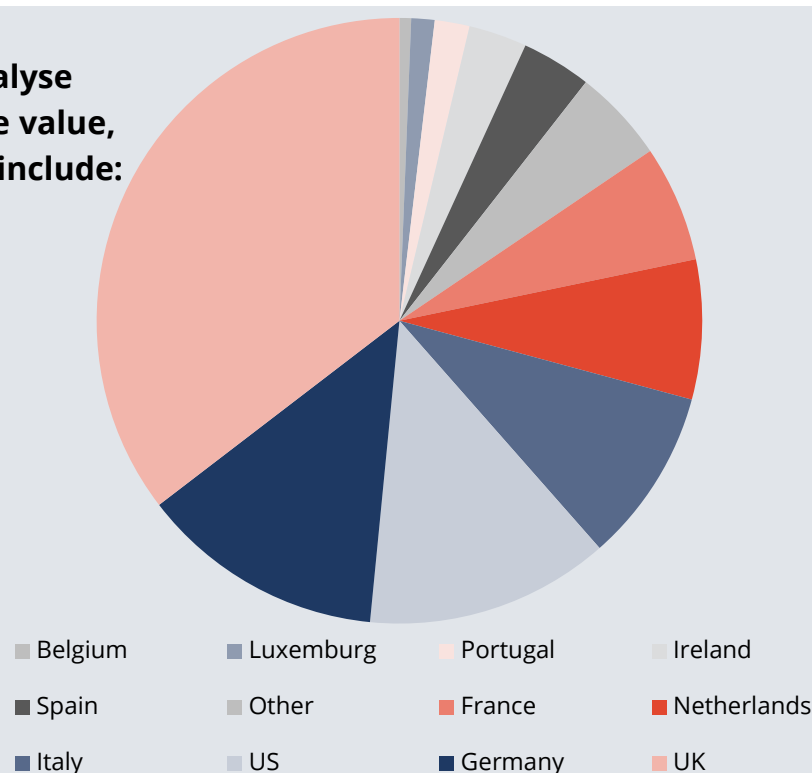
Code - Category Name	Display Name	Submitted On	Attributes	Action
201 - Prospectuses	Prospectus.pdf	2023-09-04T15:49:03		
202 - Program Documentation	Program Documentation.pdf	2023-09-04T15:52:53		
204 - Investor Reports	Investor Report.pdf	2023-09-04T15:53:23		
205 - Transparency Templates	Transparency Template.xlsx	2023-09-04T15:55:03		
206 - Underlying Exposures Data				

# EDW DATA USER TYPES

EDW currently has >300 data user institutions including >170 institutional investors

**Market participants that access and analyse the data and documentation for relative value, due diligence and monitoring purposes include:**

- Institutional Investors
- Rating agencies
- National Central Banks
- Regulators, National competent authorities
- Accounting firms
- Trustees, servicers and calculation agents
- Investment banks
- Data vendors and analytical providers
- Academic institutions and researchers



# **SUSTAINABLE FINANCE RESEARCH PROJECT: GREEN AUTO SECURITISATION WITH SAFE INSTITUTE FRANKFURT**

**ANDREA BEDIN, EDW**

# UPDATE ON CLIMATE DISCLOSURE FOR SECURITISATION

## Box 3 – Climate change risk disclosure for securitisation

In March 2023, the ECB and the ESAs issued a joint statement<sup>15</sup> on disclosure on climate change for structured finance products, in line with the authorities' commitment to contribute to the transition towards a more sustainable economy based on their respective mandates. The statement notes that structured finance products currently fall outside the scope of the most recent ESG disclosure standards, although some types of underlying assets contribute in a non-negligible extent to GHG-emissions. Consequently, there is a potential need to align the securitisation disclosure framework with the evolving standards in sustainability disclosure. This CP, therefore, presents an opportunity to engage with market stakeholders to explore the feasibility of integrating climate-related metrics, evaluating their associated advantages and costs.

Based on the results of this consultation, ESMA will explore the possibility of incorporating climate-related metrics into the disclosure framework. This holds true regardless of whether the overall outcome of the consultation leans toward streamlining or enriching the disclosure templates. This approach underscores ESMA's commitment to providing investors and other stakeholders with valuable insights into emerging risks associated with securitisation products, including climate-related risks.

- Structured finance products are outside the scope of the most recent ESG disclosure standards.
- In its Consultation Paper, ESMA commits to exploring the possibility of incorporating climate-related metrics into the disclosure framework.
- Of particular relevance is the physical risk associated with the collateral.
- Most exposed to climate change risk are real estate, corporates, and cars.

Source: ESMA Consultation Paper on the Securitisation Disclosure Templates

# WHAT IS THE GREEN AUTO SECURITISATION (GAS) PROJECT?



**Start date:** 1 October 2022

**End date:** 30 September 2025

**Financed by:** Bundesministerium für Bildung und Forschung – BMBF

**Project Partners:** SAFE (Goethe University Frankfurt) and EDW

## Focus

- Securitisation of green auto loans and leases

## Relevance

- A green finance mechanism is needed to incentivise purchase of low-emission vehicles through captive and non-captive lending.

## Goals

- Proposal of a framework for new sustainable financial products related to auto and leasing loans and ABS:
- Investigation of the relationship between low-emission vehicles and credit risk

## Challenges

- ESG information disclosure requirements are underdeveloped for green securitisation products
- Lack of harmonisation due to evolving regulatory framework
- Data availability issues and lack of incentives for reporting the EPC

# GAS FOUR-PILLARS SUSTAINABILITY DATABASE

## Credit and auto ABS Data

### ESG characteristics

EU Taxonomy alignment

ESG Data

- MSCI
- Sustainalytics
- Refinitiv
- Bloomberg

Supply chain information

### Car characteristics

Environmental impact

- CO2 emissions
- Energy efficiency

Safety & other characteristics

- NCAP program ratings

Depreciation data

- Green price premium for electric and hybrid cars

### Credit Data

Auto ABS transactions

- Loan/lease characteristics
- Performance of the loan
- Borrower information
- Collateral information
- Environmental performance of the collateral

### Auto ABS

ABS characteristics

- Senior
- Mezzanine
- Equity

Effects on price

- Fiscal policy (subsidies)
- Green premium
- Climate related regulation
- Financial product regulation

- EDW has been collecting data on ABS deals since 2013.
- The analysis makes use of data collected under the ECB and ESMA regimes.
- All available information on auto and leasing ABS deals issued in Germany, France, and Spain is being used for GAS.

# GAS FOUR-PILLARS SUSTAINABILITY DATABASE

## Sustainability Data

### ESG characteristics

EU Taxonomy alignment

ESG Data  
• MSCI  
• Sustainalytics  
• Refinitiv  
• Bloomberg

Supply chain information

### Car characteristics

**Environmental impact**  
• CO2 emissions  
• Energy efficiency

Safety & other characteristics  
• NCAP program ratings

Depreciation data  
• Green price premium for electric & hybrid cars

### Credit Data

Auto ABS transactions  
• Loan/lease characteristics  
• Performance of the loan  
• Borrower information  
• Collateral information  
• Environmental performance of the collateral

### Auto ABS

ABS characteristics  
• Senior  
• Mezzanine  
• Equity

Effects on price  
• Fiscal policy (subsidies)  
• Green premium  
• Climate related regulation  
• Financial product regulation

- Via ESMA templates, issuers can disclose information of cars' Energy Performance Certificates (EPCs).
- EPCs are not standardised across countries. Therefore we integrate the car level information with the EEA database.
- We retrieve information on the CO2 emissions for each specific car model.

# ESMA DISCLOSURE REQUIREMENTS

The ESMA templates require issuers to disclose the EPC value, if available.

## Car characteristics

### Environmental impact

- CO<sub>2</sub> emissions
- Energy efficiency

### Safety & other characteristics

- NCAP program ratings

### Depreciation data

- Green price premium for electric and hybrid cars

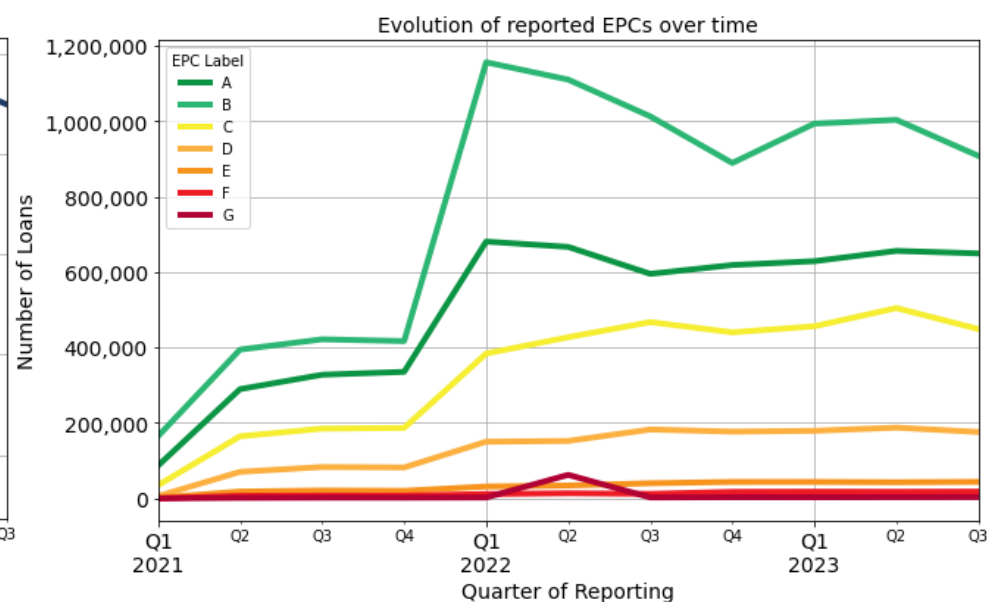
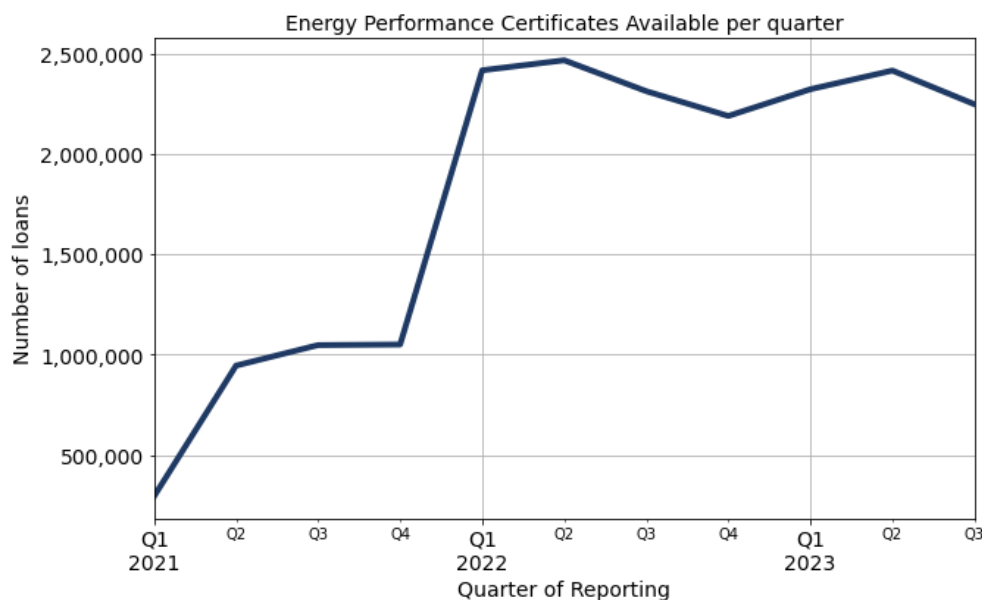
FIELD CODE	FIELD NAME	CONTENT TO REPORT
Underlying exposures information section		
AUTL53	Manufacturer	Brand name of the vehicle manufacturer E.g. enter "Skoda", not "Volkswagen".
AUTL54	Model	Name of the car model.
AUTL55	Year Of Registration	Year the car was registered.
AUTL56	New Or Used	Condition of vehicle at point of underlying exposure origination:  New (NEWX) Used (USED) Demo (DEMO) Other (OTHR)
AUTL57	Energy Performance Certificate Value	The energy performance certificate value of the collateral at the time of origination:  A (EPCA) B (EPCB) C (EPCC) D (EPCD) E (EPCE) F (EPCF) G (EPCG) Other (OTHR)

Source: ESMA templates for Auto ABS

# AVAILABLE ENERGY PERFORMANCE CERTIFICATES IN EDW

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

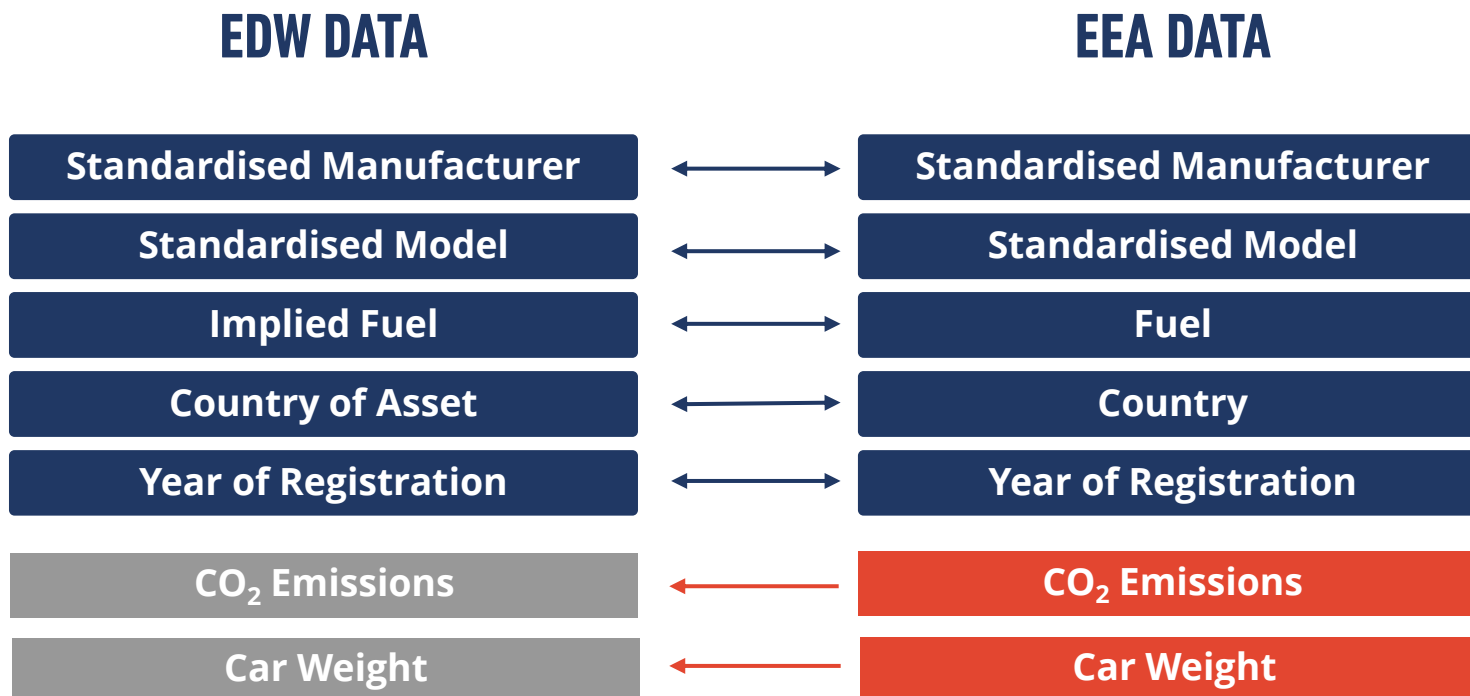
- The percentage of auto loans and leases with a valid EPC is steadily increasing over time - reaching 2.3 million in Q3 2023.
- The increasing trend is driven by cars with better EPC.
- We noticed an increasing trend from issuers to disclose EPC information and from investors to ask for sustainability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



Source: EDW data

# ESTIMATING CO2 EMISSIONS FOR CAR LOANS/LEASES IN EDW DATA

Matching EDW data with European Environment Agency (EEA) data

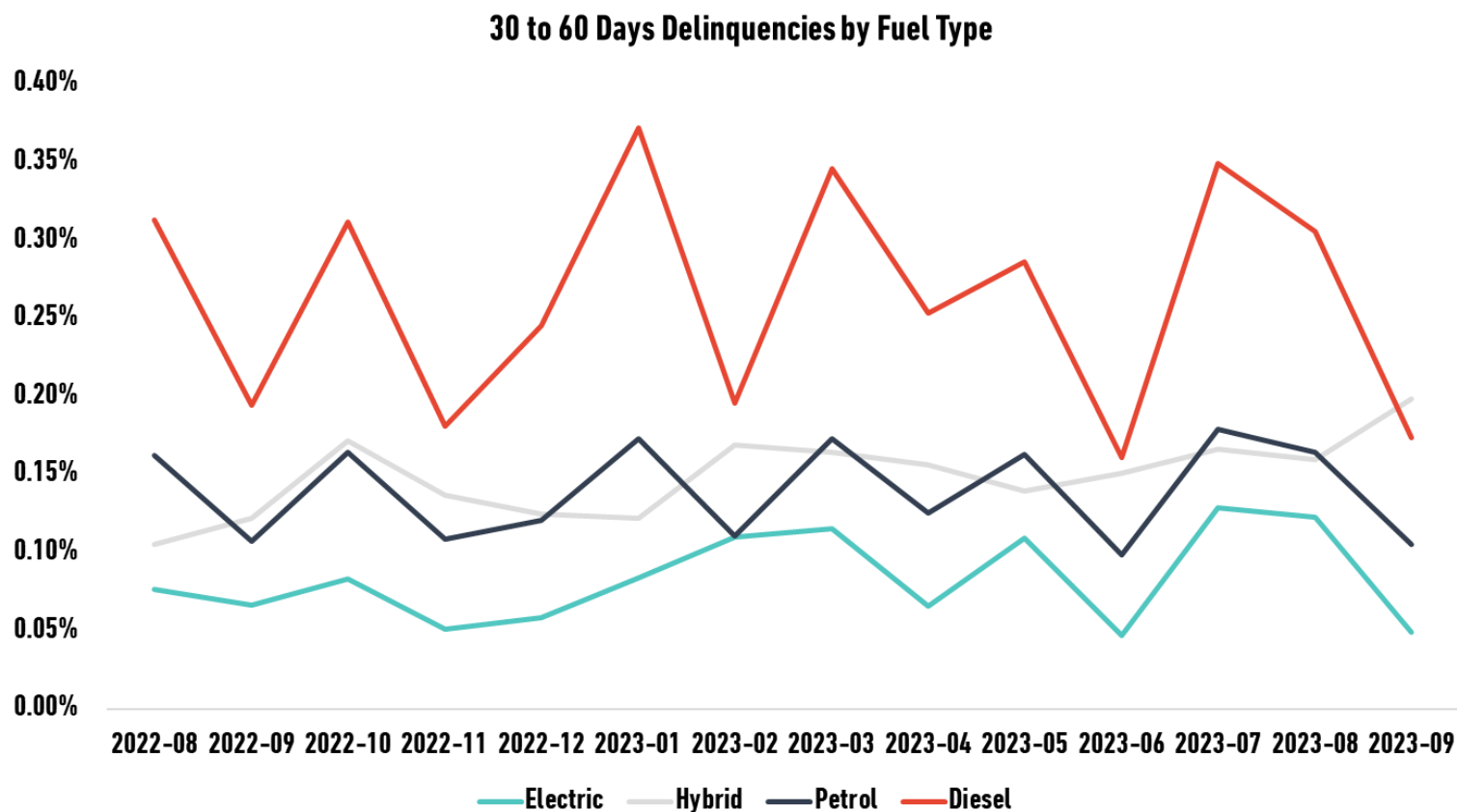


## Assumptions

- 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

# GERMAN AUTOS - 30 TO 60 DAY DELINQUENCIES (% OF BALANCE)

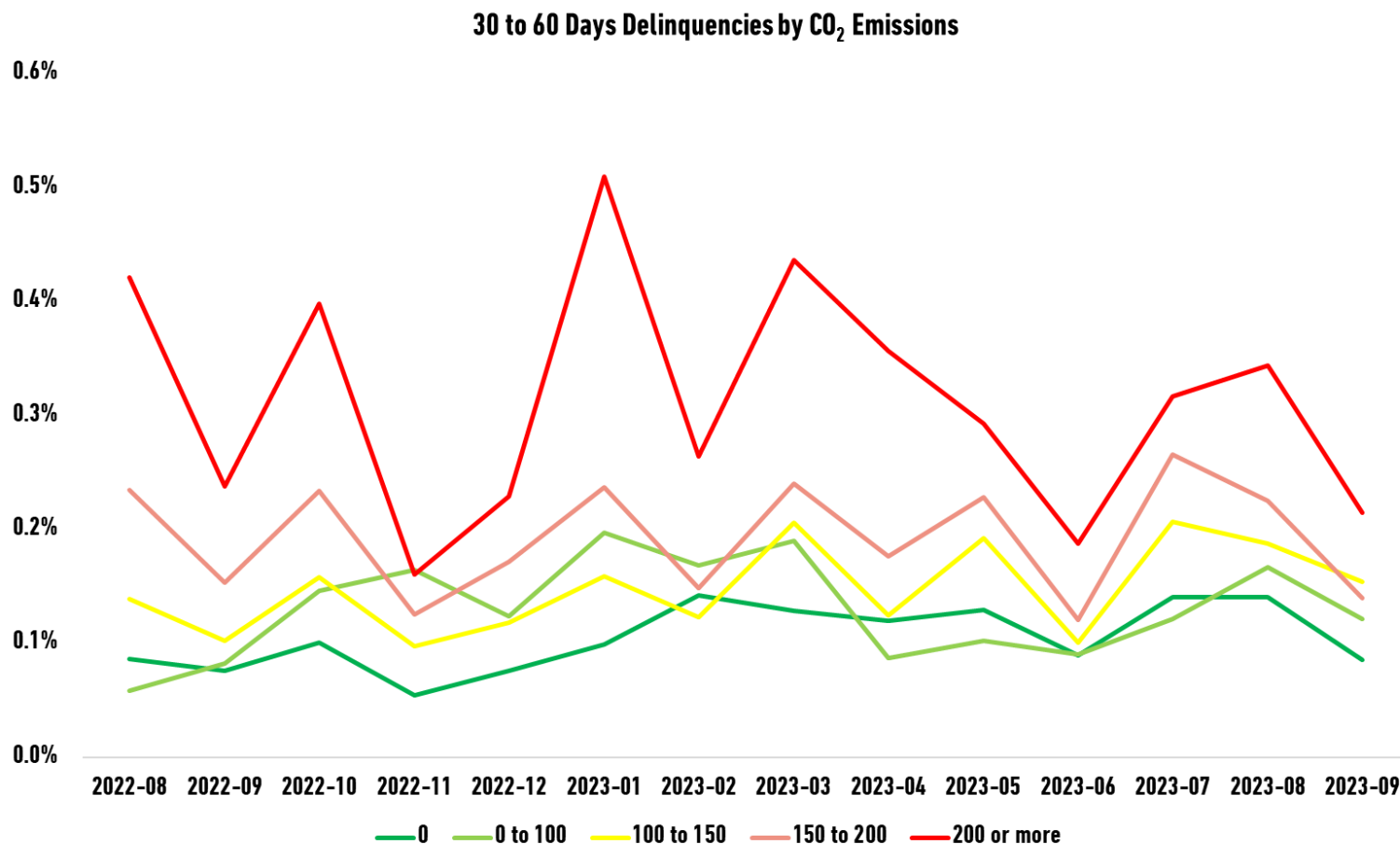
Electric cars seem to have the lowest delinquency levels when compared with cars of other fuel types



Source: EDW data

# GERMAN AUTOS - 30 TO 60 DAY DELINQUENCIES (% OF BALANCE)

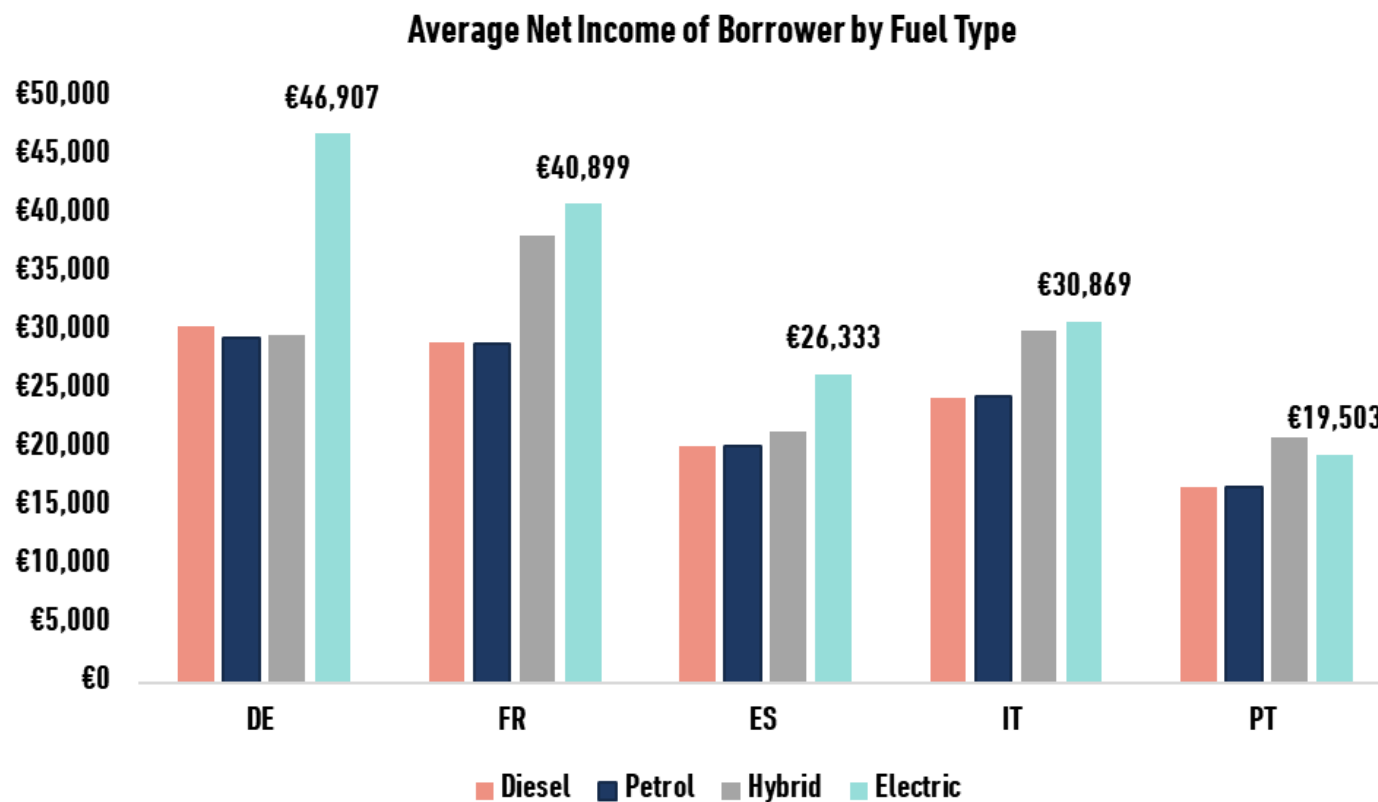
Low emission vehicles seem to have lower delinquency levels



Source: EDW data

# AUTO ABS – BORROWER INCOME BY FUEL TYPE

Borrowers that get a loan/lease for electric cars have the highest incomes

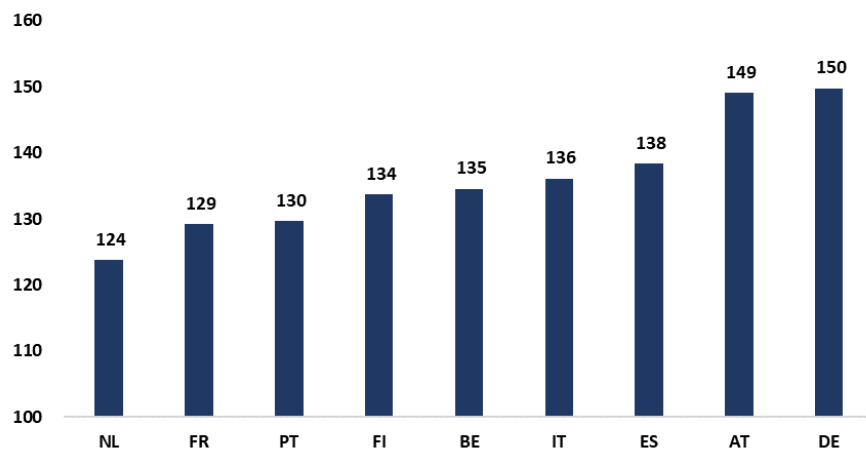


Source: EDW data

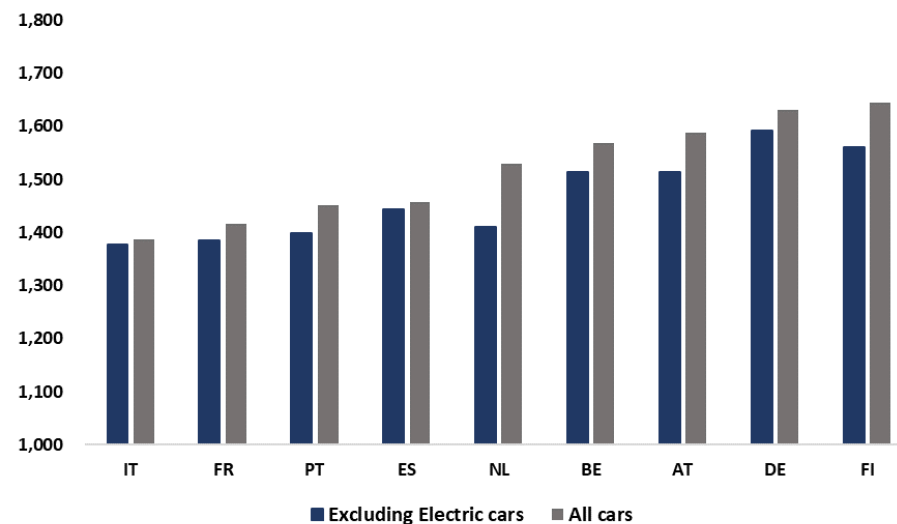
# CO2 EMISSION ESTIMATES

Germany has highest estimated average CO2 emissions for cars in ABS portfolios

Avg CO<sub>2</sub> Emissions (g/km) per Country  
(WLTP Standard weighted by Balance of loans)



Avg car weight (kg) for New cars registered in 2022

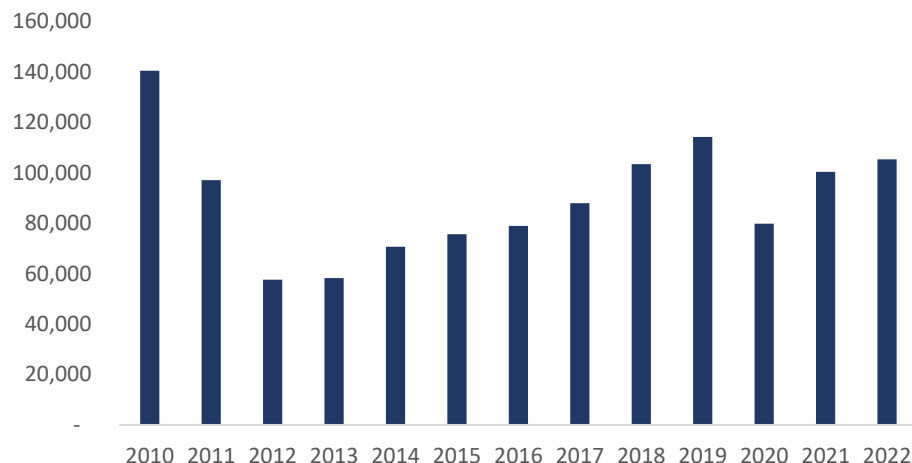


Source: EDW data

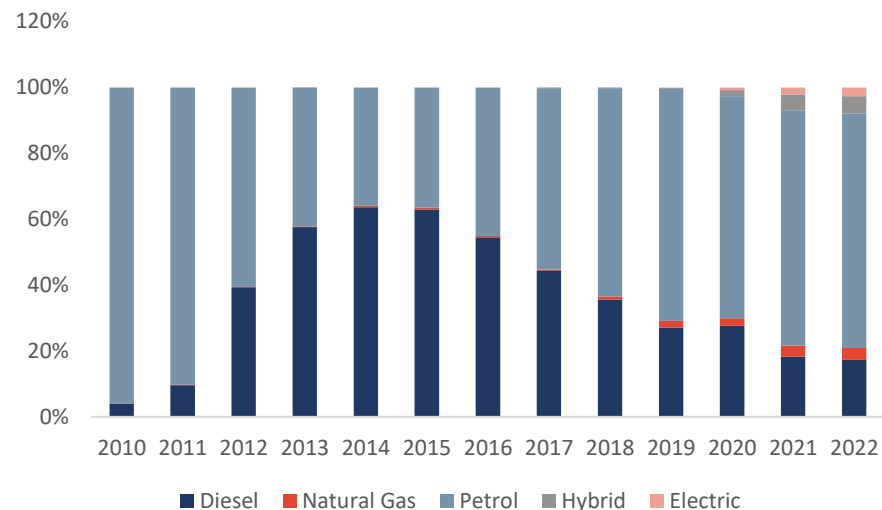
# GREEK AUTO MARKET OVERVIEW

- The number of new cars registered is recovering after the pandemic-related decline
- Electric and hybrid cars have a low percentage of penetration in the market, but it is increasing
- The total number of registered cars in Greece is **5,692,452 as of 2022**

No. of New cars Registered



% of New cars Registered by Fuel type

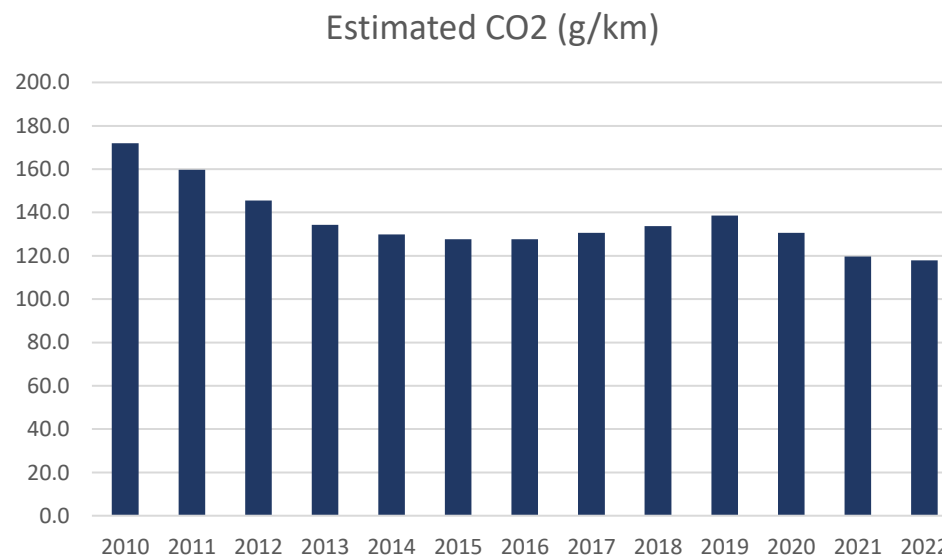


Source: EEA Database, ELSTAT, and EDW Calculations

# ESTIMATED CO2 EMISSIONS – GREEK AUTO

- CO2 emissions are constantly decreasing from 2019
- The average estimated CO2 emission in 2022 was 118 g/km (WLTP standards)

year	Estimated CO2 (g/km)
2010	172.0
2011	159.7
2012	145.5
2013	134.3
2014	129.9
2015	127.7
2016	127.6
2017	130.6
2018	133.7
2019	138.5
2020	130.6
2021	119.7
2022	118.0



Source: EEA Database and EDW Calculations

# 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		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

## CO<sub>2</sub> 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 Registration year: 2021 Manufacturer name(Match: any) TOYOTA Commercial name(Match: any) C-HR

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)	ZYX11R-AHXXBW(2E)	TOYOTA	C-HR

# CLOSING REMARKS

**MARCO ANGHEBEN, EDW**

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