

SPRING WORKSHOP SERIES

UNITED KINGDOM - 8 JUNE 2022

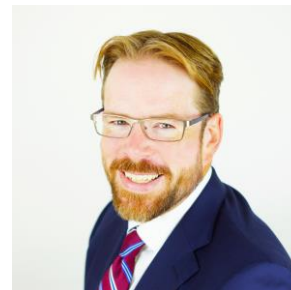


ON TODAY'S CALL



MARKUS SCHABER
EXECUTIVE DIRECTOR
EUROPEAN DATAWAREHOUSE LTD.

☎ +44 20 3997 6865
✉ m.schaber@eurodw.co.uk



GORDON KERR
MANAGING DIRECTOR
HEAD OF EUROPEAN RESEARCH
KBRA

☎ +44 20 8148 1020
✉ gordon.kerr@kbra.com



ROB KONING
MANAGING DIRECTOR
PRIME COLLATERALISED SECURITIES

☎ ++31 6 1422 9842
✉ rob.koning@pcsmarket.org



CLIFTON CORNELL
BUSINESS DEVELOPMENT MANAGER
EUROPEAN DATAWAREHOUSE LTD.

☎ +44 20 3997 6869
✉ Clifton.cornell@eurodw.co.uk



MERILYN LLOYD
COMPLIANCE OFFICER
EUROPEAN DATAWAREHOUSE LTD.

☎ +44 20 3997 6866
✉ merilyn.lloyd@eurodw.co.uk

AGENDA

WELCOME AND INTRODUCTION

- Markus Schaber, European DataWarehouse Ltd.

UPDATE ON DUAL REPORTING REQUIREMENTS IN PRACTICE

- Markus Schaber, European DataWarehouse Ltd.

UK SECURITISATION REPORTING REQUIREMENTS – WRITTEN CONFIRMATIONS

- Merilyn Lloyd, European DataWarehouse Ltd.

OVERVIEW OF UK DATA QUALITY ISSUES – KEY FIELDS AND ISSUES

- Clifton Cornell, European DataWarehouse Ltd.

CASH FLOW MODELLING ACCORDING TO BANK OF ENGLAND REQUIREMENTS

- Markus Schaber, European DataWarehouse Ltd.

CREDIT OUTLOOK FOR THE UK STRUCTURED FINANCE MARKET

- Gordon Kerr, KBRA

LATEST DEVELOPMENTS IN STS VERIFICATION

- Rob Koning, PCS

UK SECURITISATION REPORTING REQUIREMENTS – WRITTEN CONFIRMATIONS

MERILYN LLOYD, EUROPEAN DATAWAREHOUSE LTD.

DISCLOSURE REQUIREMENTS

Everything you need to know about public securitisation reporting to a Securitisation Repository under the UK Securitisation Regulation

Disclosure Requirements - Documents to Report



Before Pricing

Documentation



Item Code	Document
[3]	Final offering document; prospectus; closing transaction documents, excluding legal opinions
[4]	Asset sale agreement; assignment; novation or transfer agreement; any relevant declaration of trust
[5]	Derivatives and guarantees agreements; any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator
[6]	Servicing; back-up servicing; administration and cash management agreements
[7]	Trust deed; security deed; agency agreement; account bank agreement; guaranteed investment contract; incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value
[8]	Inter-creditor agreements; derivatives documentation; subordinated loan agreements; start-up loan agreements and liquidity facility agreements
[9]	Any other underlying documentation that is essential for the understanding of the transaction
[10]	STS Notification



Quarterly (Non-ABCP); Monthly (ABCP)

XML Data Templates



[1]	Underlying exposures or underlying receivables or credit claims XML	
[2]	Investor report	Common XML file to report [2] and [11]/[12] in a single XML file XML
[11] or	Inside Information or Significant Event	
[12]	*[11] and [12] must also be submitted without delay	

WRITTEN CONFIRMATION

Reporting Entities (RE) are obliged to provide a written confirmation to the Securitisation Repository (SR) in line with the Regulatory Technical Standards (RTS) on operational standards for SRs.



When should it be submitted?

Within 5 working days of the first issuance of securities for securitisations

Upon any material changes to documents uploaded to the SR

On an annual basis



How should it be submitted?

Via upload to EDW's SR platform through EDITOR (web and SFTP) under item code – 13

As an email attachment to enquiries@eurodw.co.uk with the subject:

"Written Confirmation - <SecID or DealName>"



What about Due Diligence?

EDW shall review the written confirmation document to ensure it reflects the underlying documentation uploaded

EDW shall verify that the document has been signed by a legal representative or authorized person of the RE

*Applicable to any public deal that has documents uploaded against items 3-9



Which privacy measures are in place?

The written confirmation document will be stored in a secure location accessible only by EDW

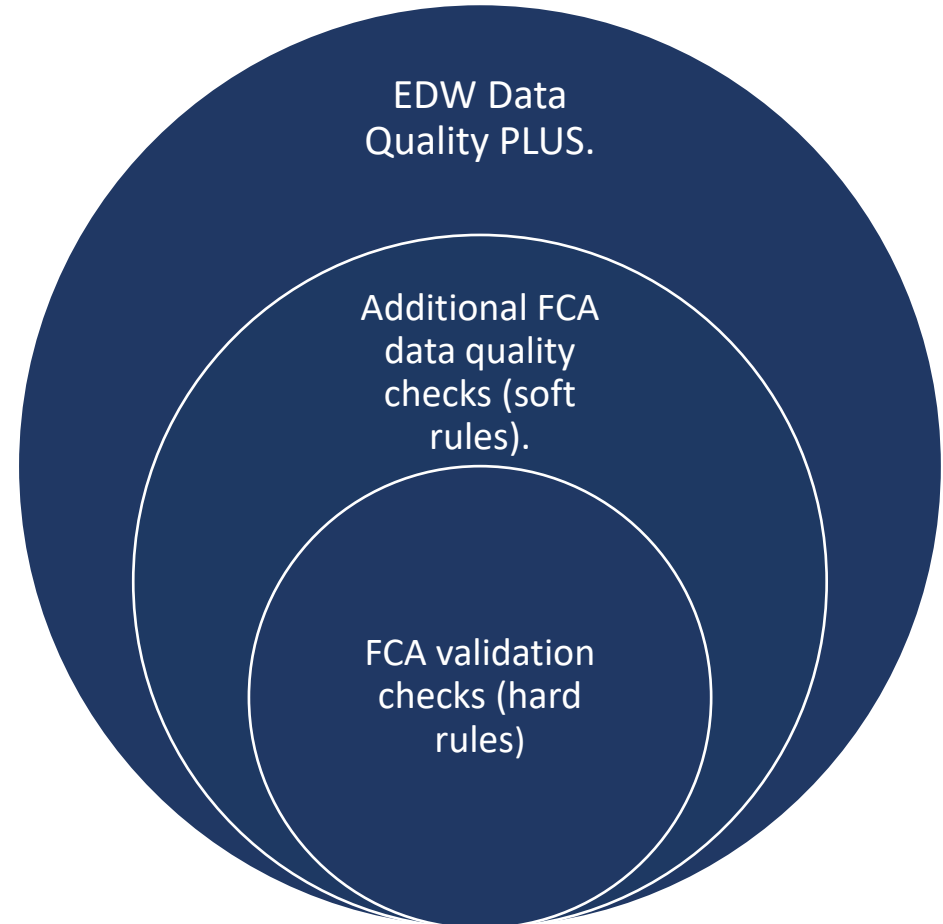
Data users will be made aware that a written confirmation has been received and verified by EDW, but will not gain access to the actual document itself

OVERVIEW OF UK DATA QUALITY ISSUES – KEY FIELDS AND ISSUES

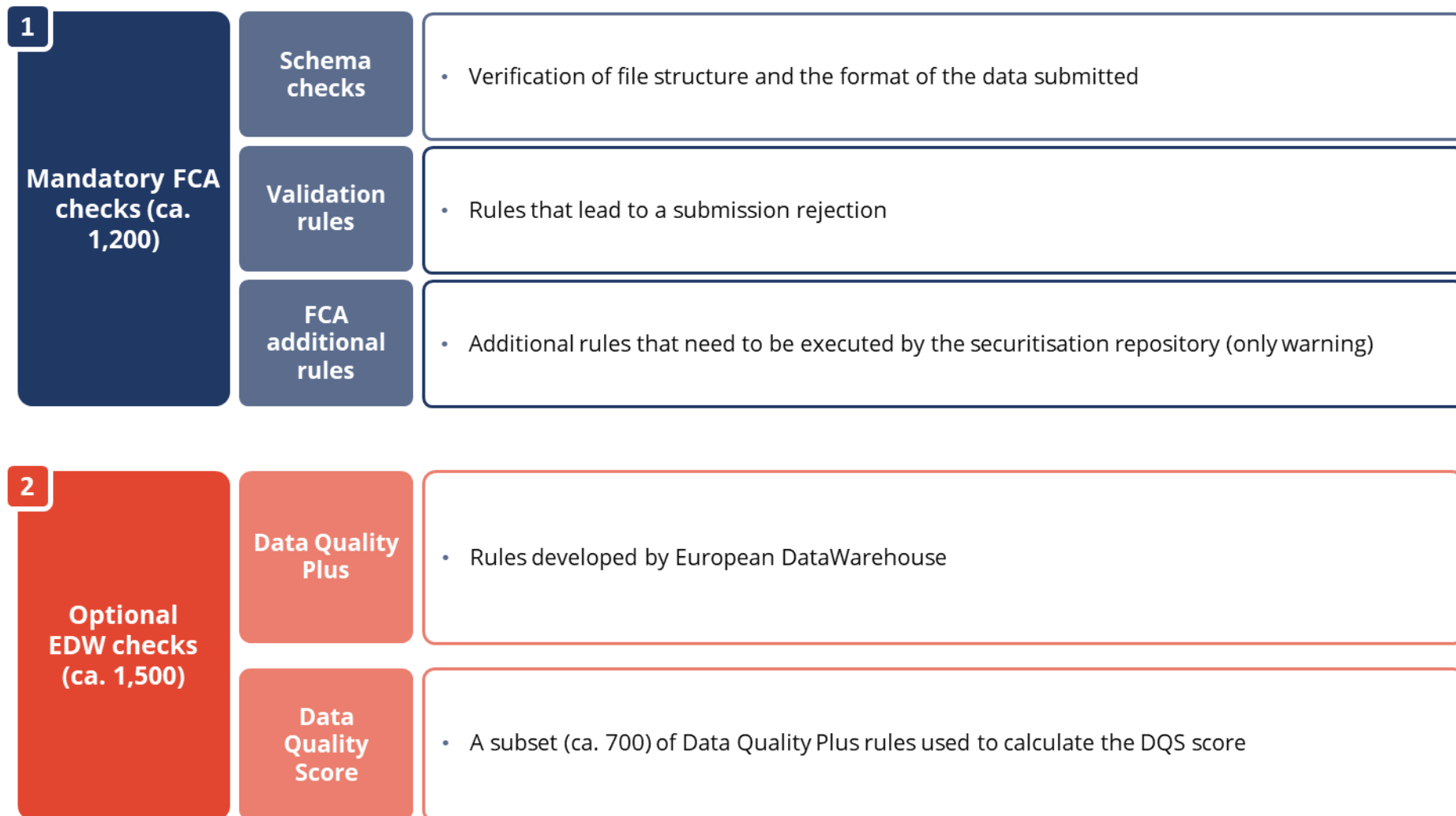
CLIFTON CORNELL, EUROPEAN DATAWAREHOUSE LTD

INTRODUCING EDW'S DATA QUALITY PLUS

- Data submissions are currently only subject to FCA 'hard' rules
- EDW is introducing 'Data Quality Plus' - a wider set of "soft" rules to highlight potential data issues to reporting entities
- Currently the optional checks are available in the UK sandbox environment
- Available in UK production environment late June 2022



OVERVIEW OF EDW'S DATA QUALITY PROCESSES



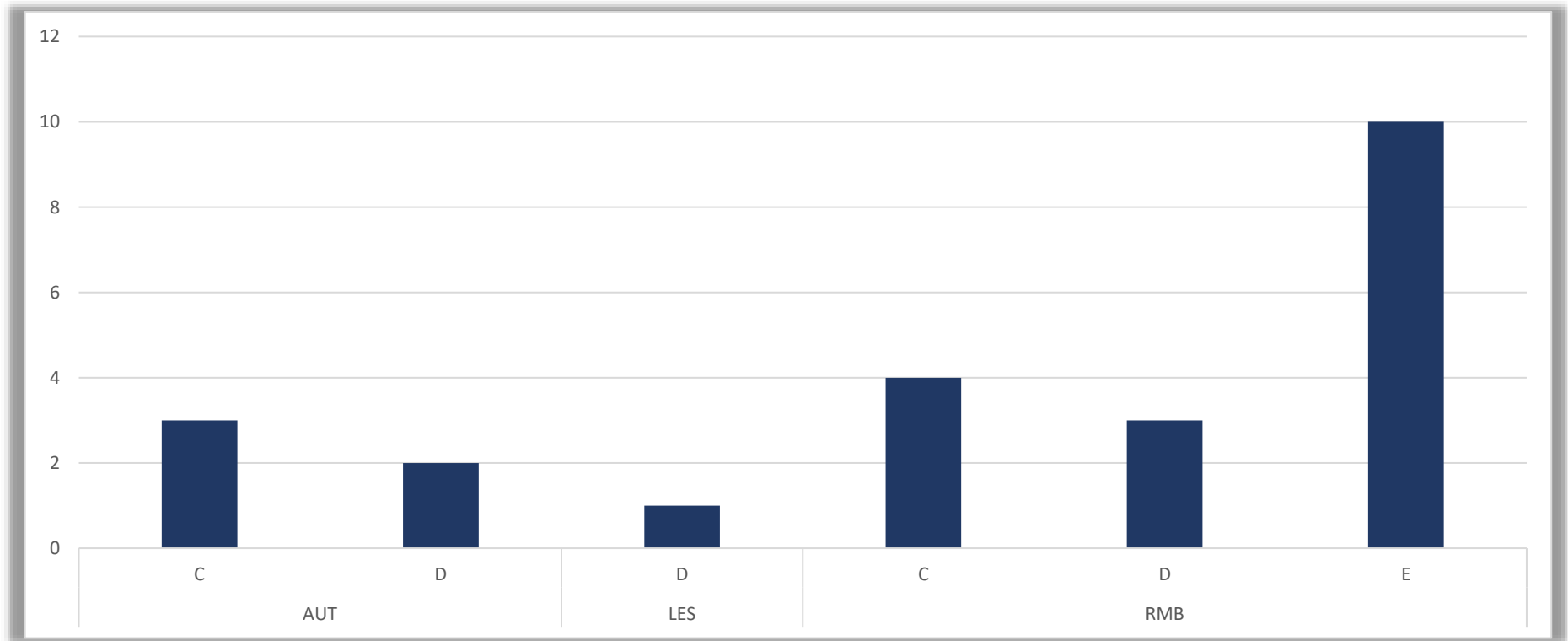
MAIN DRIVERS FOR DQS

	Field	Check type	Number of Impacted Deals
1	Number Of Days In Arrears	ND5	42%
2	Current Principal Balance	ND5 & Count Zero	24%
3	Redemption Date	ND5 & Dummy Date	23%
4	Default Amount	ND5 & Count Zero & Negative Values	18%
5	Cumulative Recoveries	ND5 & Negative Values	17%
6	Maturity Date	ND5 & Dummy Date	11%
7	Account Status	Interfield Inconsistencies	11%
8	Default Date	ND5 & Dummy Date	10%
9	Date Of Restructuring	ND5 & Dummy Date	9%
10	Credit Impaired Obligor	ND5	8%

EDW DQS SCORE FOR DATA IN FCA TEMPLATES

Results from a sample of RMBS, AUTO, and LEASING transactions

- Corresponding EDW data quality score in the range between C and E, based on a possible A – F.
- This is comparable to the range found in our EU transactions.



CREDIT OUTLOOK FOR THE UK STRUCTURED FINANCE MARKET

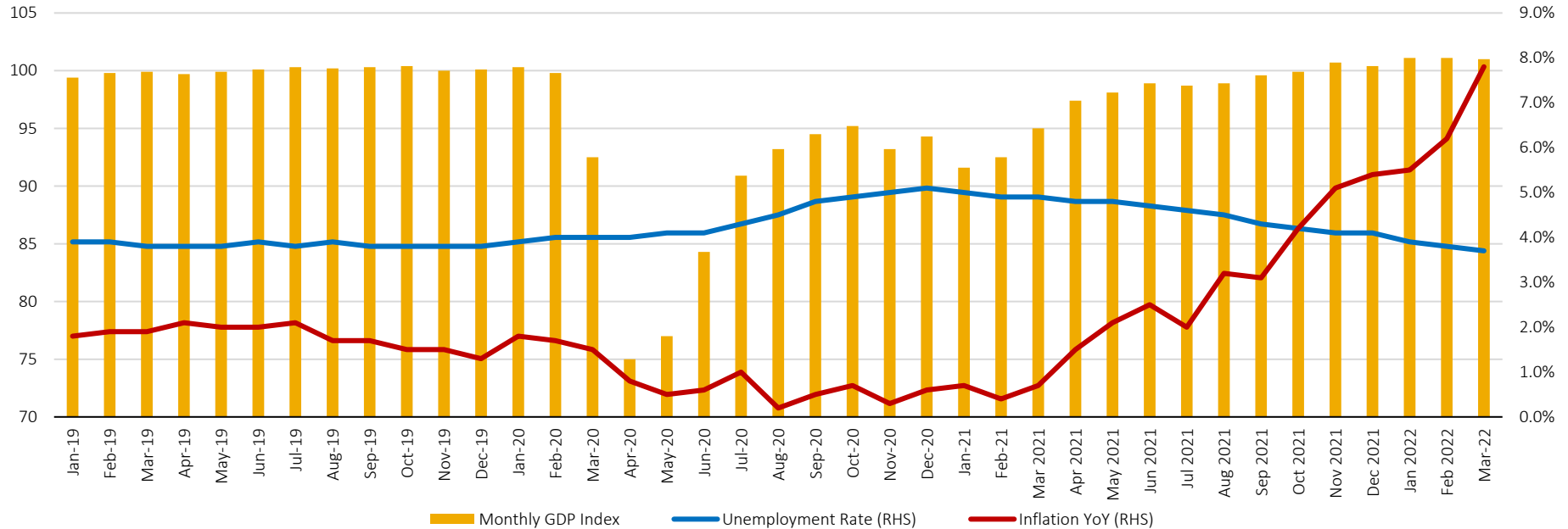
GORDON KERR, KBRA

Challenges Facing UK Borrowers

Inflation, Interest Rates, and
Unemployment

UK Economic Summary

GDP Index, Inflation and Unemployment Rate

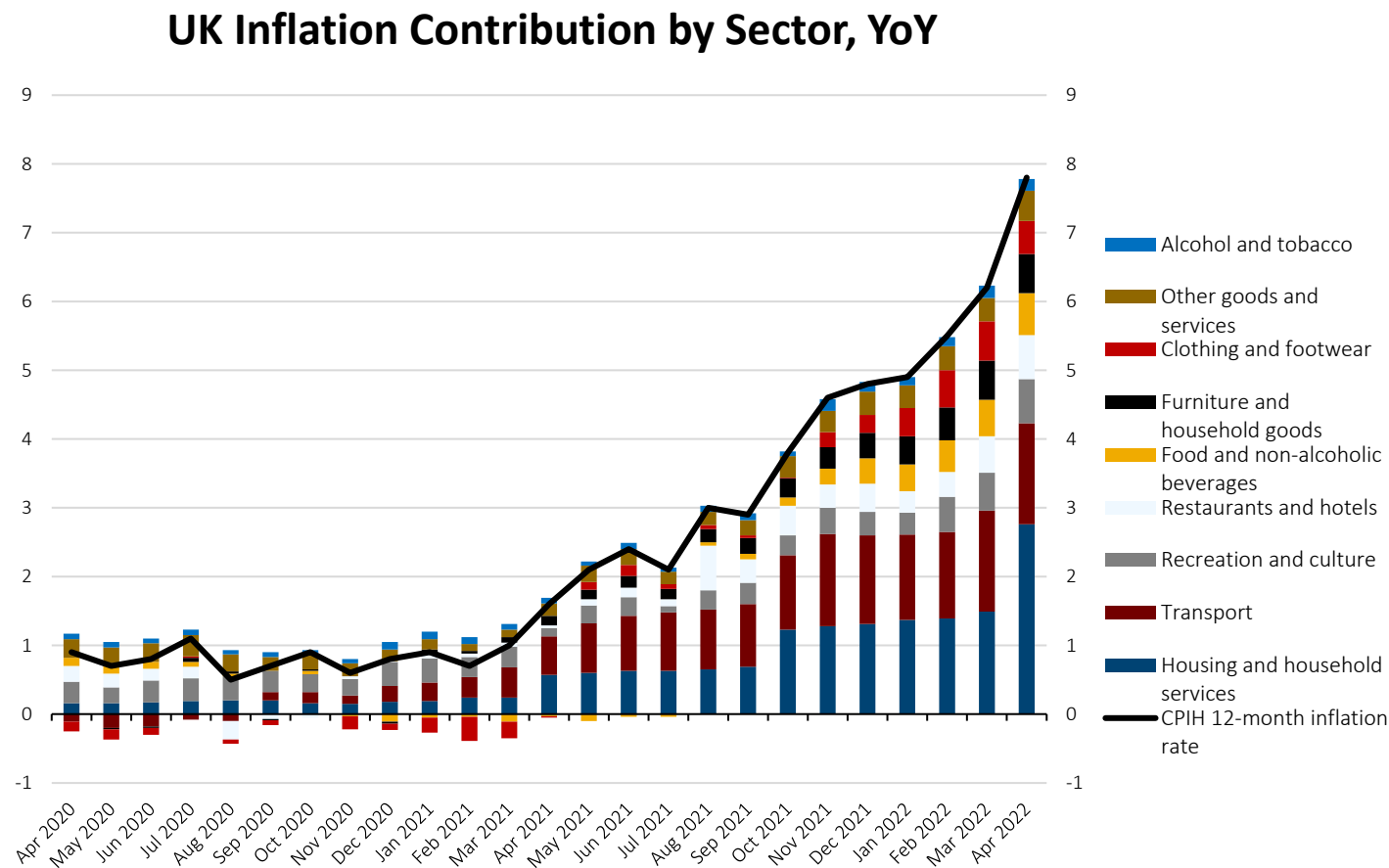


GDP Return, Inflation Spike, and Unemployment Levels Positive

Sources: KBRA, Office for National Statistics



Breakdown of UK Inflation Rise



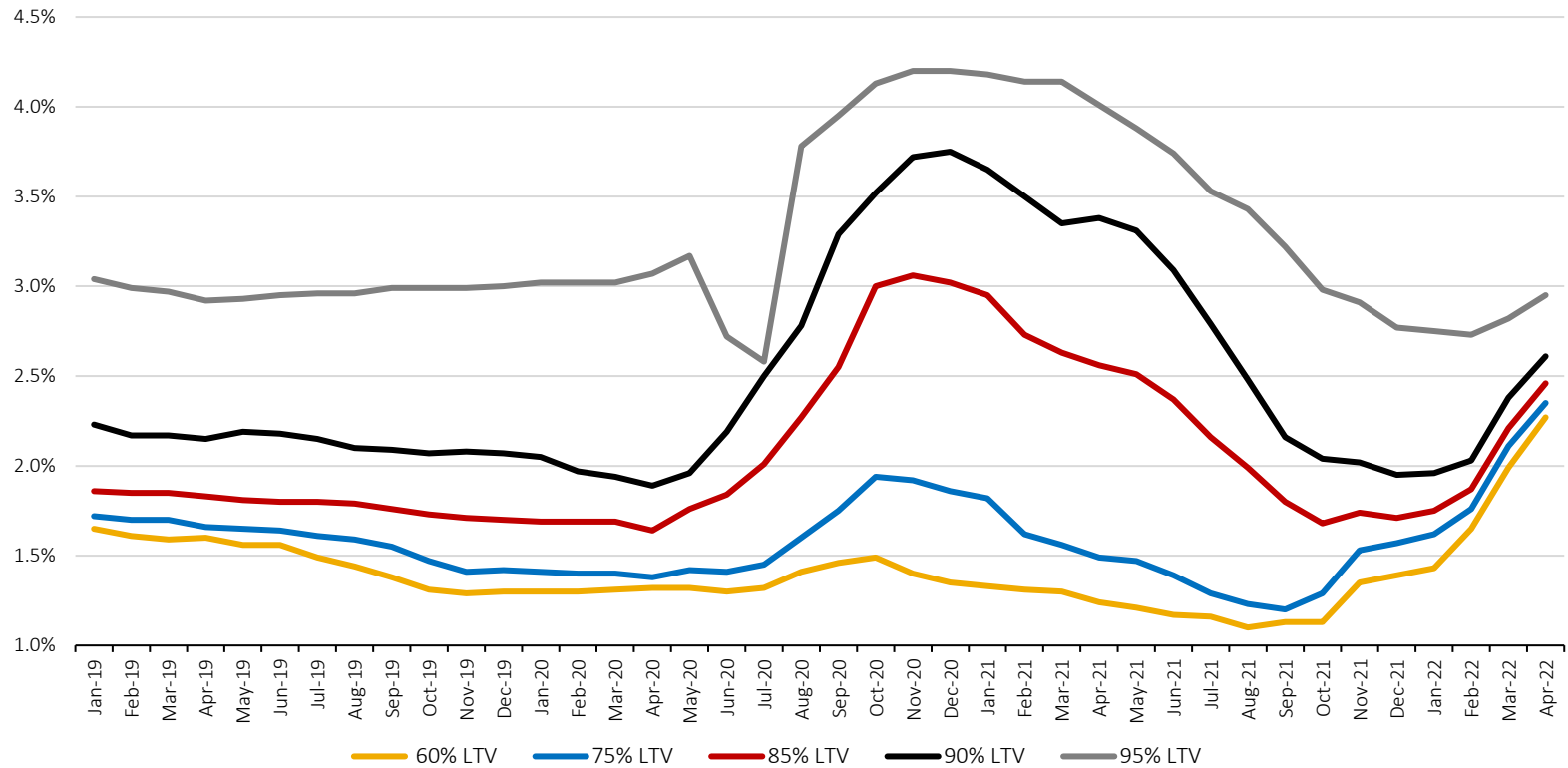
Largely Driven by Energy as Feeds Through to Households and Transport

Sources: KBRA, Office for National Statistics



UK Interest Rates Rise

UK Mortgage Rates – 2 Year Fixed Rate by LTV Level

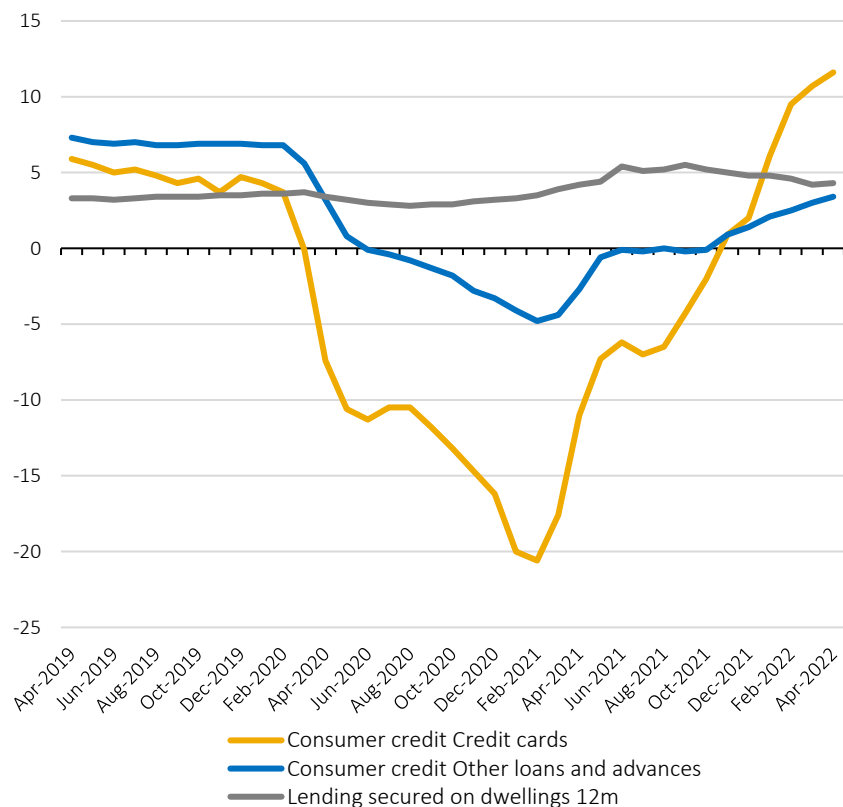


Rate Rises and Prospect for Increasing Rates Driving Up Mortgage Rates

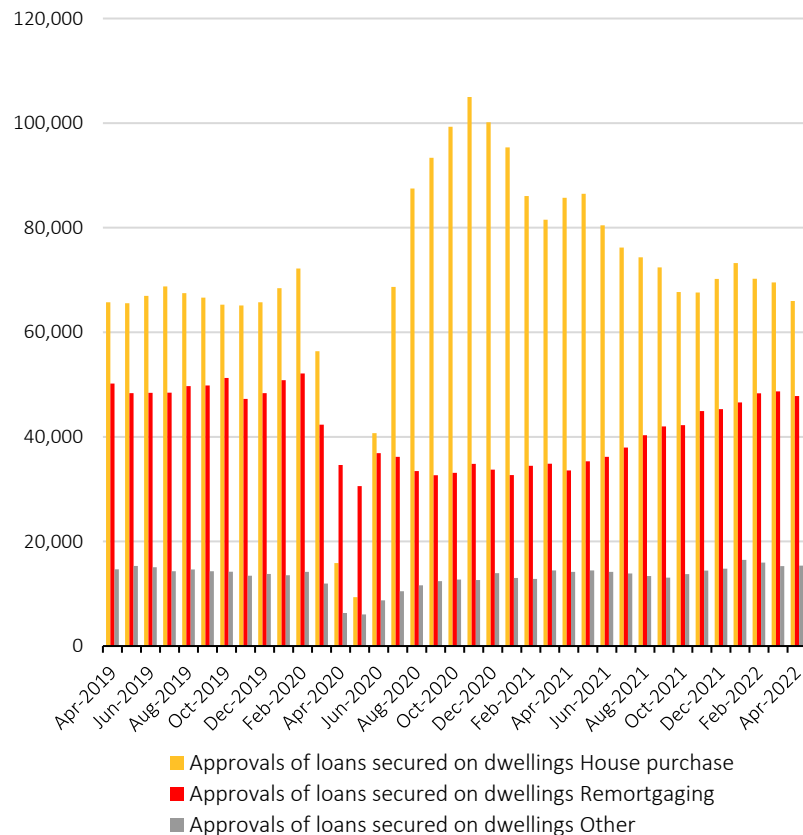


UK Lending Levels

Consumer Lending Change by Type, Change %



UK Mortgage Lending Approvals by Type



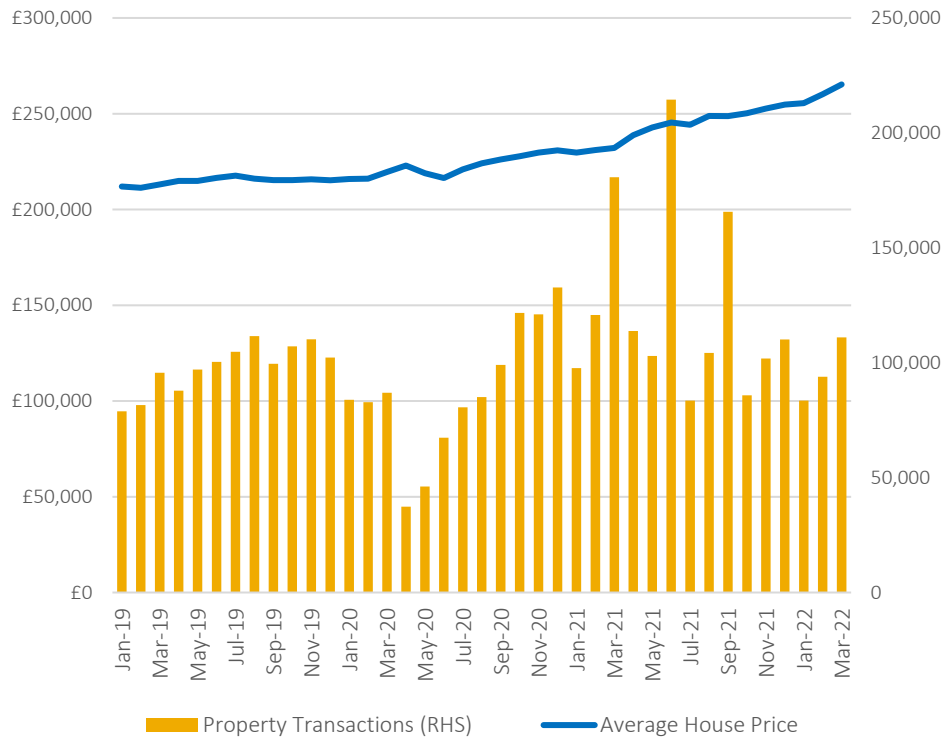
Mortgage Lending Moderates While Credit Card Borrowing Accelerates

Sources: KBRA, Bank of England

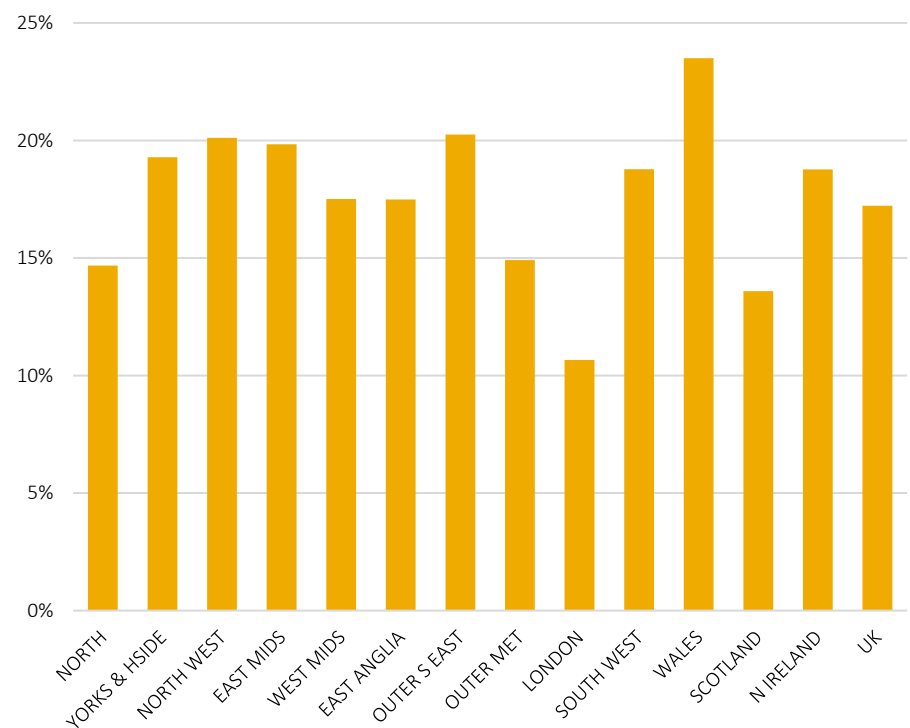


UK House Prices

UK House Prices and Transaction Volumes



House Price Appreciation - Pandemic Period



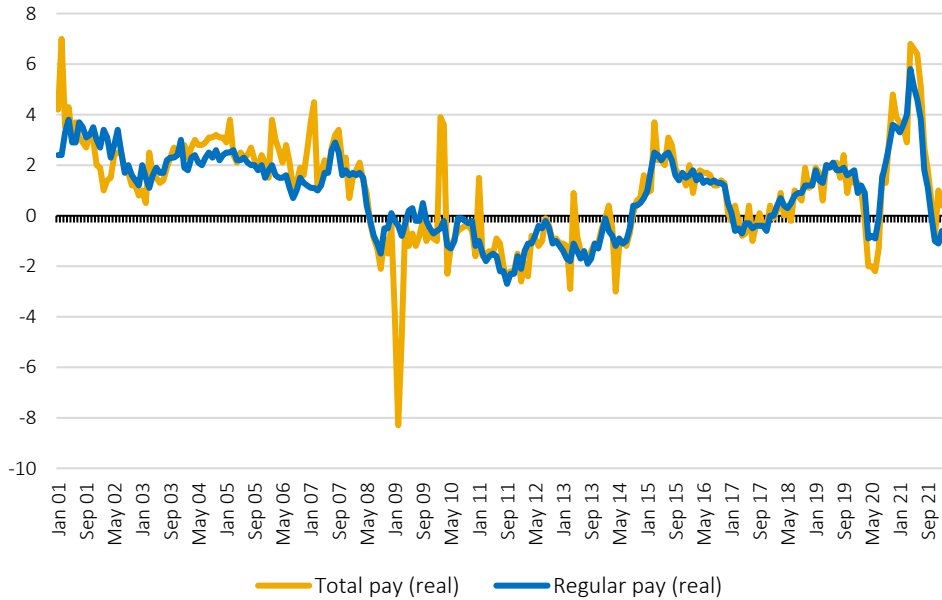
UK House Price Growth Slowing, but Strong Pandemic Gains

Sources: KBRA, Bank of England

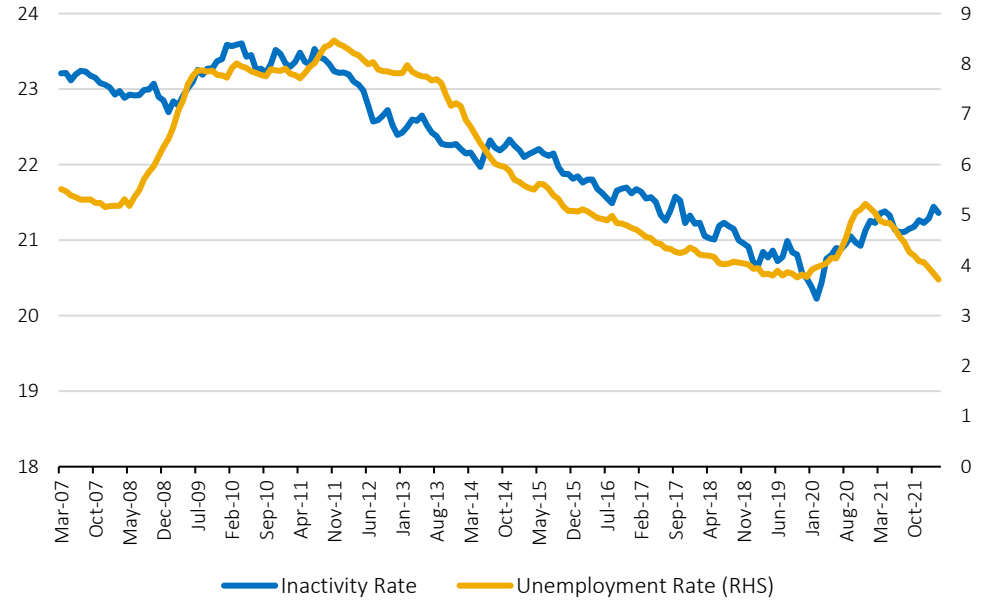


UK Pay and Employment

UK Real Average Weekly Earnings Change



UK Unemployment and Inactivity Rate



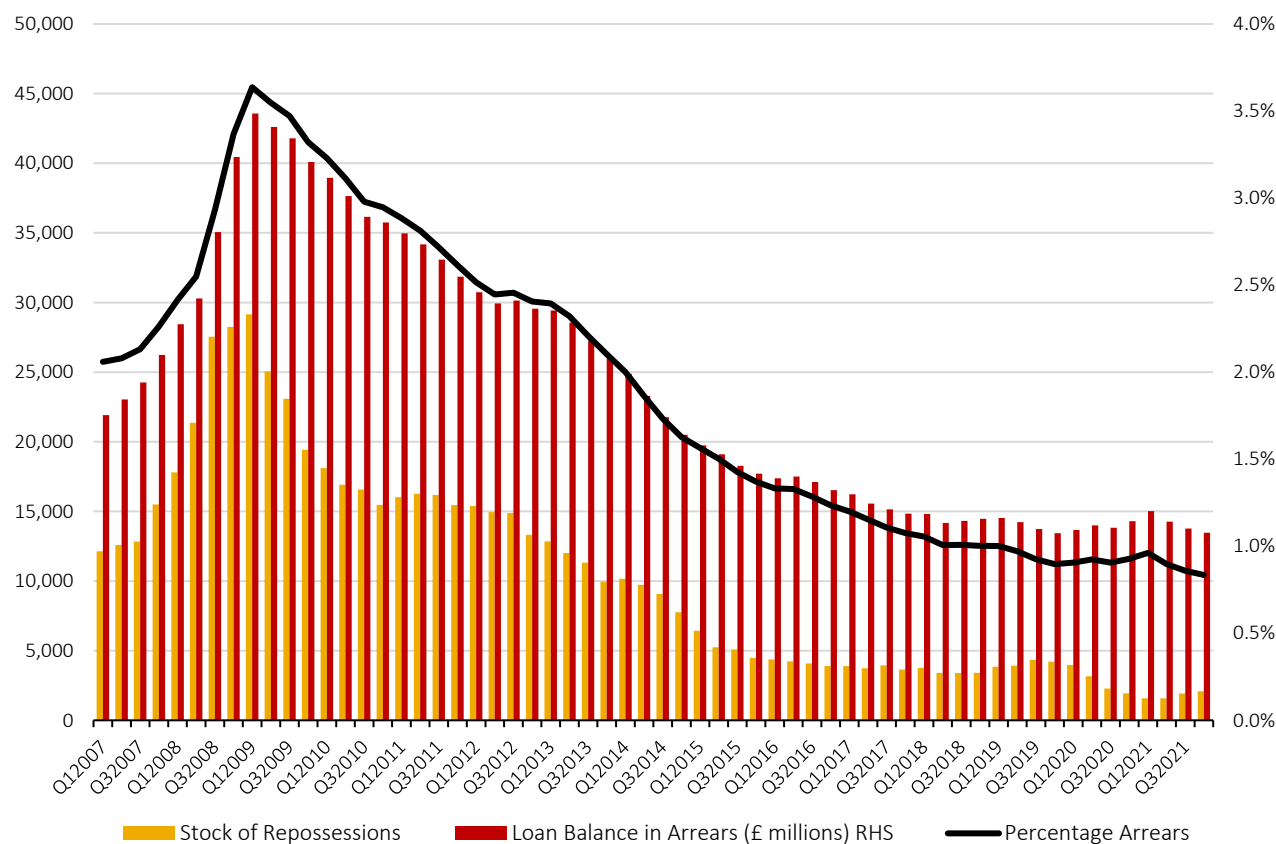
UK Real Pay Starting to Feel Impact of Inflation, and Unemployment and Inactivity Diverge

Sources: KBRA, Bank of England



UK Mortgage Performance

UK Repossessions and Arrears, by Number, Balance, and %



Arrears Remain Low, Risk of Increase, but from Low Level

Sources: KBRA, Bank of England



Register for Access at KBRA.com



© Copyright 2022, Kroll Bond Rating Agency, LLC and/or its affiliates and licensors (together, “KBRA”). All rights reserved. All information contained herein is proprietary to KBRA and is protected by copyright and other intellectual property law, and none of such information may be copied or otherwise reproduced, further transmitted, redistributed, repackaged or resold, in whole or in part, by any person, without KBRA’s prior express written consent. Information, including any ratings, is licensed by KBRA under these conditions. Misappropriation or misuse of KBRA information may cause serious damage to KBRA for which money damages may not constitute a sufficient remedy; KBRA shall have the right to obtain an injunction or other equitable relief in addition to any other remedies. The statements contained herein are based solely upon the opinions of KBRA and the data and information available to the authors at the time of publication. All information contained herein is obtained by KBRA from sources believed by it to be accurate and reliable; however, all information, including any ratings, is provided “AS IS”. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any rating or other opinion or information is given or made by KBRA. Under no circumstances shall KBRA have any liability resulting from the use of any such information, including without limitation, for any indirect, special, consequential, incidental or compensatory damages whatsoever (including without limitation, loss of profits, revenue or goodwill), even if KBRA is advised of the possibility of such damages. The credit ratings, if any, and analysis constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. KBRA receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. Please read KBRA’s full disclaimers and terms of use at www.kbra.com.

Kroll Bond Rating Agency, LLC is not affiliated with Kroll, Inc., Kroll Associates, Inc., Kroll OnTrack, Inc. or their affiliated businesses.

LATEST DEVELOPMENTS IN STS VERIFICATION

ROB KONING, PRIME COLLATERALISED SECURITIES

PCS

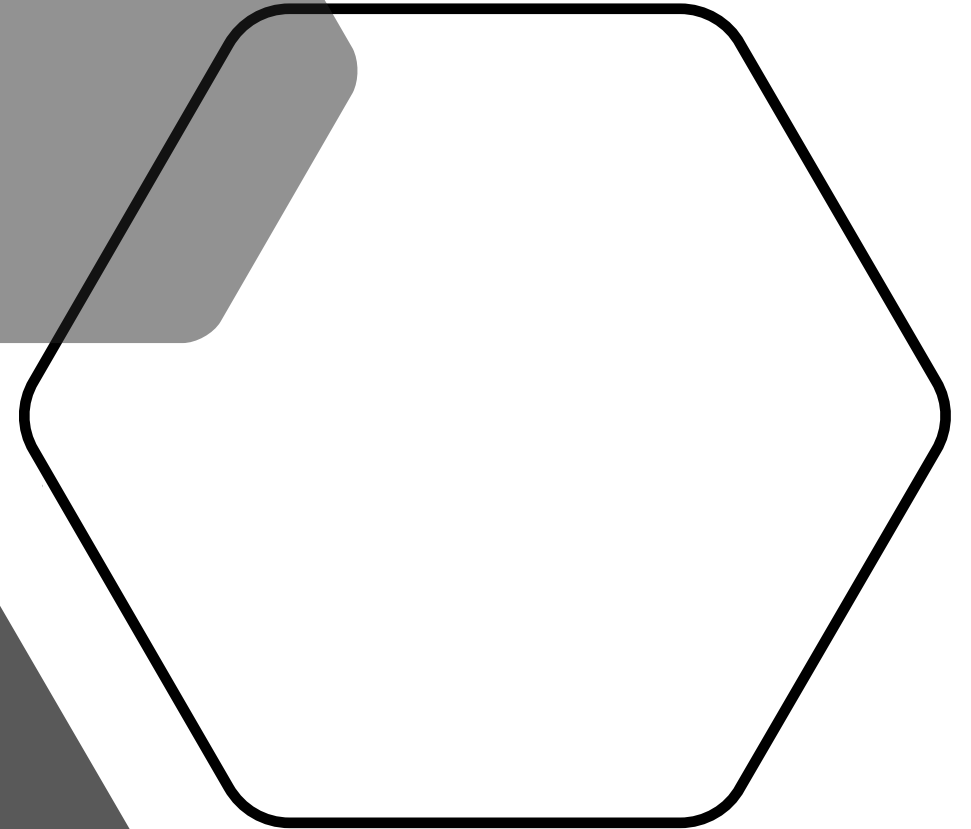
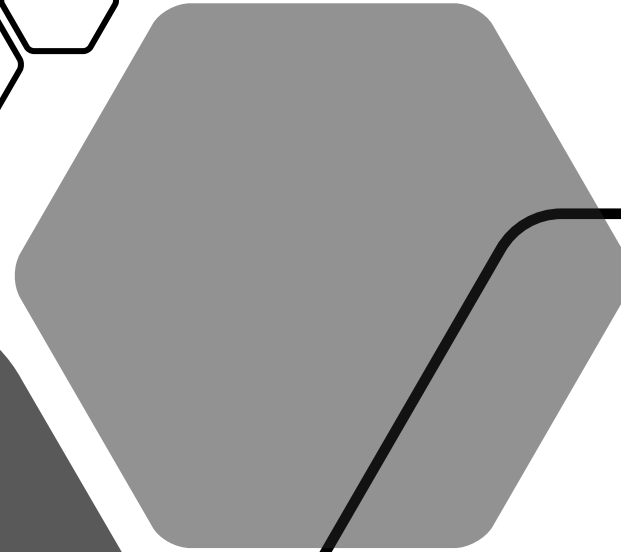
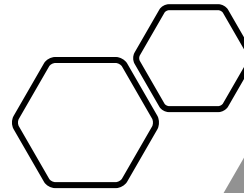
Setting the Standard for Securitisation

June 2022



Agenda

- The (STS) Securitisation Regulation:
- History
- Quick fix (CMRP)
- Review
- Sustainable securitisation



(STS) Regulation

History

- EU 2017/2402 – General framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (“STS Regulation”)
- Most articles apply irrespective of the STS status (Art 5 Due diligence, Art 6 Risk Retention, Art 7 Disclosure, Chapter 3 Repositories)
- Chapter 4: STS (Art 20 Simplicity; Art 21 Standardisation; Art 22 Transparency; Art 23-26 STS for ABCP)
- Art 28: Third party verification
- Art 45: Review (by 1-1-2022)
- Art 46: Framework for (balance sheet) synthetic STS
- EU 2017/2401 – Amending the CRR

(STS) Regulation

Quick Fix (CMRP)

- EU 2021/557 – Amending EU 2017/2402 to help the recovery from the Covid-19 crisis
- NPL securitisation (not eligible for STS)
- STS for (on balance) synthetic securitisation
- Art 22.6: Sustainability indicators in relation to adverse impacts
- Art 45: Developing a specific sustainable securitisation framework
- EU 2021/558 – Amending the CRR
- Art 248.4: Synthetic Excess Spread
- No UK equivalent of quick fix

(STS) Regulation

Review

- 17-5-2021: ESAs Report on the implementation and functioning of the Securitisation Regulation
- Private securitisations (definition, repositories)
- Jurisdictional scope
- Better coordination of the supervision
- 23-7-2021: EC Consultation on the functioning of the EU securitisation framework
- 25-10-2021: Call for Advice of the EC to the ESAs for the purpose of the securitisation prudential framework: answer due September 2022
- December 2021: Review of the Securitisation Regulation (HMT)

(STS) Regulation

Sustainable Securitisation

- 2-3-2022: EBA Report Developing a Framework for Sustainable Securitisation
- For sustainable securitisation: use the EU Green Bond Standard (EU GBS)
- Asset backed bonds should also be based on Use of Proceeds
- Disclosure on both the collateral and the use of proceeds
- No framework for social or green synthetic
- Sustainable Finance Disclosure Regulation (SFDR): securitisation not defined as financial product
- 2-5-2022: ESAs Consultation on STS securitisations related sustainability disclosures
- December 2021: FCA Consultation on Sustainability Disclosure Requirements (SDR) and investment labels



Thank you for your attention

follow us on 



Q&A

THANK YOU // CONTACT US

EUROPEAN DATAWAREHOUSE LIMITED

37th Floor, 1 Canada Square

London E14 5AA

 **www.eurodw.co.uk**

 **enquiries@eurodw.co.uk**

 **+44 (0) 2039976860**

This presentation (the “Presentation”) has been prepared by European DataWarehouse Limited (the “Company”) and is being made available for information purposes only. The Presentation is strictly confidential and any disclosure, use, copying and circulation of this Presentation is prohibited without the consent from the Company. Information in this Presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. No representation, warranty or undertaking, express or implied, is made as to the accuracy, completeness or appropriateness of the information and opinions contained in this Presentation. Under no circumstances shall the Company have any liability for any loss or damage that may arise from the use of this Presentation or the information or opinions contained herein. Certain of the information contained herein may include forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, “may”, “will”, “should” and similar expression. The forward-looking looking statements, contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are uncertain and subject to risks.