

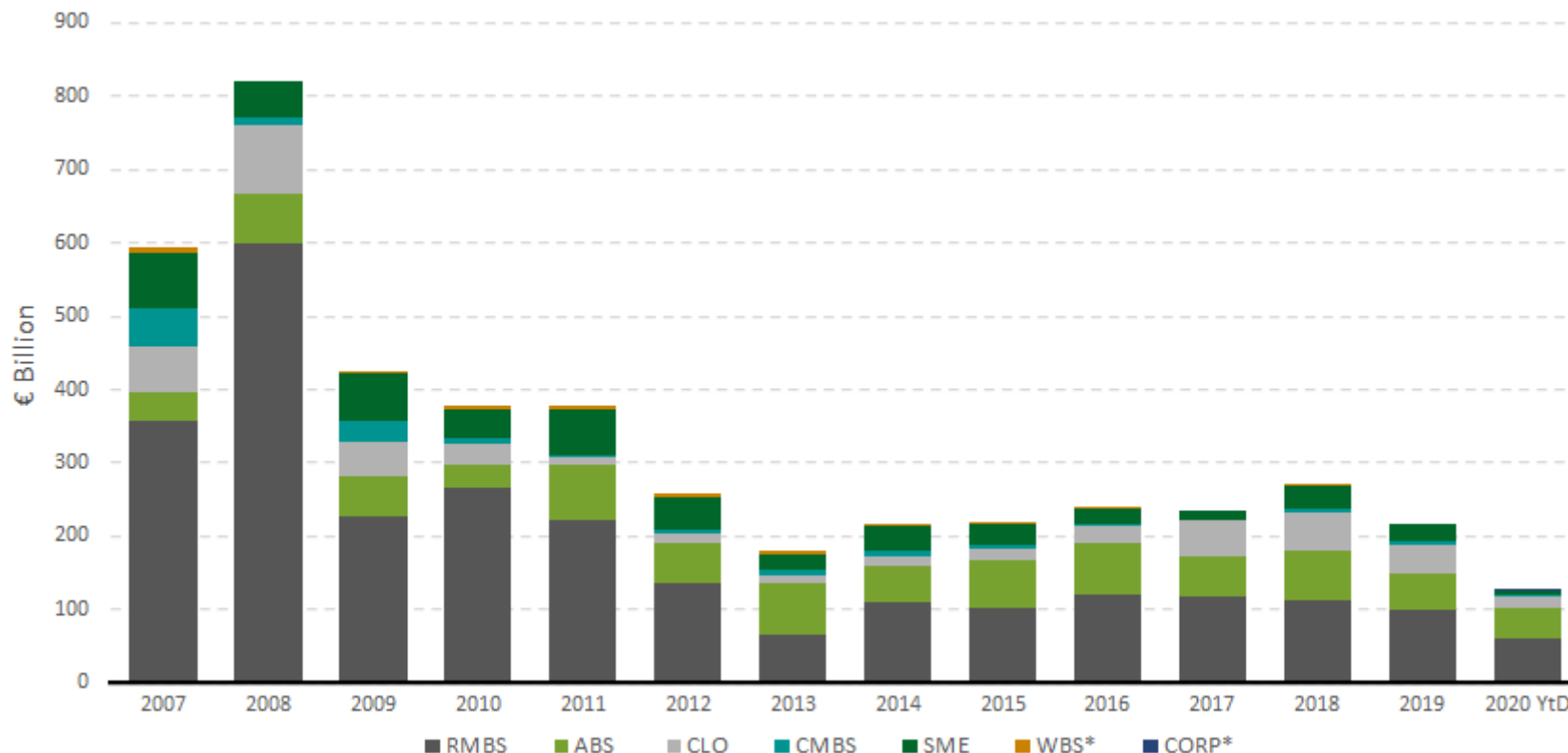
Securitisation in Europe: Which way forward?

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25 November 2020

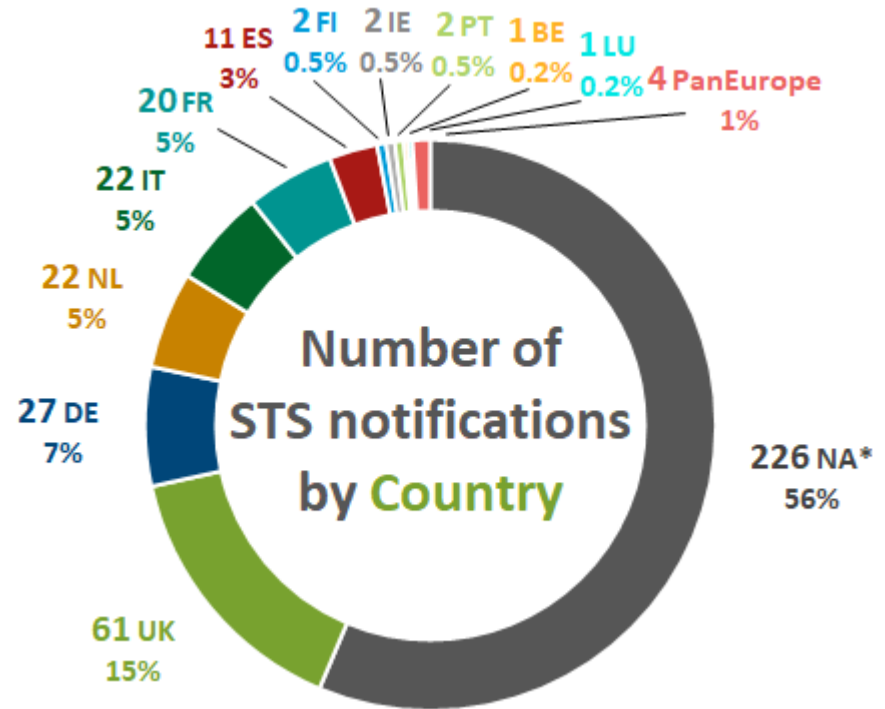
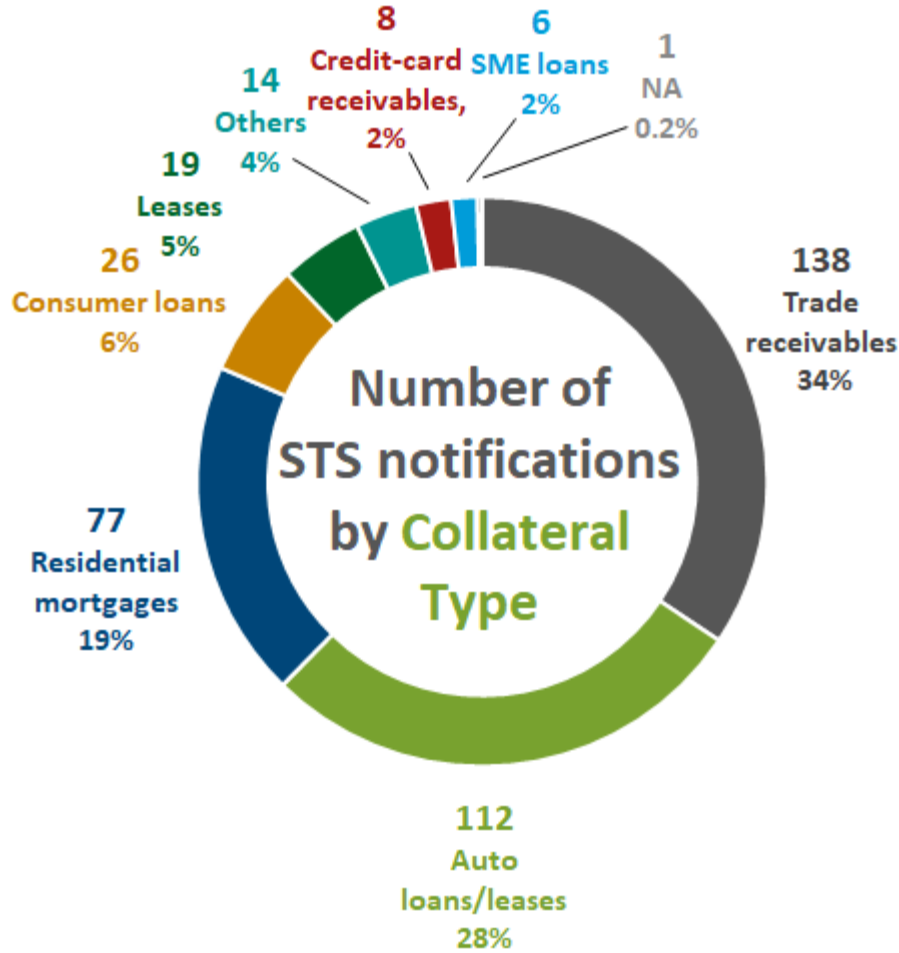
European total issuance by asset class



| Values in EUR bn | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 YtD |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| RMBS | 358.4 | 598.4 | 226.0 | 266.3 | 223.2 | 137.4 | 64.9 | 110.8 | 102.0 | 120.5 | 119.0 | 113.7 | 100.6 | 61.6 |
| ABS | 36.8 | 68.3 | 54.5 | 32.0 | 74.6 | 53.1 | 72.1 | 48.0 | 66.6 | 70.9 | 52.9 | 67.4 | 48.1 | 41.5 |
| CLO | 62.1 | 94.5 | 47.4 | 28.5 | 9.6 | 13.5 | 9.2 | 14.8 | 14.2 | 21.7 | 49.2 | 51.9 | 39.5 | 15.1 |
| CMBS | 52.5 | 10.2 | 29.1 | 7.1 | 3.8 | 5.0 | 8.8 | 6.3 | 6.0 | 3.7 | 0.9 | 5.8 | 5.8 | 1.8 |
| SME | 77.3 | 47.3 | 65.1 | 39.7 | 62.4 | 45.2 | 20.2 | 33.3 | 27.1 | 19.9 | 14.1 | 29.5 | 23.0 | 5.1 |
| WBS* | 7.9 | 0.0 | 1.8 | 4.5 | 3.2 | 3.7 | 5.4 | 3.7 | 0.8 | 2.9 | 0.0 | 0.6 | 0.0 | |
| CORP* | | | | | | | | | | | | | | 4.1 |
| Total European | 594.9 | 818.7 | 423.9 | 378.0 | 376.8 | 257.8 | 180.8 | 217.0 | 216.6 | 239.5 | 236.0 | 268.8 | 217.2 | 129.2 |
| Placed (% of Total) | 70% | 13% | 6% | 24% | 24% | 34% | 42% | 36% | 38% | 41% | 47% | 51% | 54% | 43% |

Source: AFME Q3 2020 Securitisation Data Report, SIFMA, BofA. 2020 YtD includes data as of Q3 2020. Chart includes both placed and retained issuance volumes. *Due to change in source of securitisation issuance data, AFME does not report WBS volumes from 2020, CORP (Corporate) issuance volumes reported thereafter.

401 STS issues to date: 226 private, 175 public



*Source: ESMA. Data as of November 2020. *Country not available for 226 notifications for STS-notified private deals.*

For securitisation to reach its full potential, barriers must be overcome

- The securitisation prudential capital for banks (CRD/CRR) and insurance companies (Solvency II) should be recalibrated
- It is important to improve the process for achieving significant risk transfer (SRT) and simplifying/reducing the requirements for STS securitisations
- The treatment for securitisation under the Liquidity Coverage Ratio (LCR) should be improved reflecting the quality of the STS label
- Capital Markets Recovery Package (under consideration):
 - An appropriate framework should be established for STS synthetic securitisation;
 - Capital treatment of NPE securitisations;
- A more proportionate approach should be applied for the supervision of ESMA disclosure template implementation
- A well-designed framework for ESG securitisation should be established, with appropriate incentives for this asset class