

Appendix I - Overview European Securitisation Markets (EU27 and UK)

Market segment	<u>True Sale</u> Public ABS	<u>True Sale</u> CLOs	<u>Synthetic</u> On-Balance Securitisation	<u>True Sale</u> ABCP / Private Non-ABCP
Description	Public market; Broad investor base	„Public by nature/Private by regulation“ Broad investor base	Private market Non-Bank Investors	Private market Financing through banks
Volumes 2023 Ø 2019-2023	€ 161 bn. (UK: 30%) € 166 bn. Ø new issue p.a.	€ 36 bn. (UK: n.a.) € 74 bn. Ø new issue p.a.	€ 140 bn. (UK: n.a.) € 97 bn. Ø new issue p.a.	€ 231 bn. (UK: 18%) € 200 bn. Ø outstandings p.a.
Asset classes	55% Real estate loans 40% Auto/Leasing 5% Other	80% (Large) corporate loans 20% SME loans	55% (Large) corporate loans 25% SME loans 20% Other	60% Trade receivables 25% Auto/Leasing 15% Other
Investors	Broad investor base (incl. ECB) Typically 30-50 investors involved	Broad investor base Typically 10-25 investors involved	Non-bank investors Typically 1-3 investors involved	Financing through banks Typically 1-3 (sponsor) banks involved
Funding of the real economy	<u>Direct (Liquidity)</u>	<u>Direct (Liquidity)</u>	<u>Indirect (bank capital)</u>	<u>Direct (Liquidity)</u>
Goals	Funding	Funding	Capital relief	Funding, balance sheet relief
Performance	<u>Study S&P:</u> Defaults of European securitisation consistently low before, during and after the great financial crisis	<u>Study S&P:</u> Defaults of European securitisation consistently low before, during and after the great financial crisis	<u>Study EBA:</u> Defaults of synthetic securitisations in Europe slightly lower than of public true sale securitisations	<u>Study AFME/EDW/TSI:</u> Market segment significantly larger than expected; companies with BB ratings are funded within the range of A and AA ratings
Market transparency and Disclosure	Market transparency: high Disclosure: high	Market transparency: high Disclosure: high	Market transparency: low Disclosure: high	Market transparency: medium Disclosure: high
Data sources	<i>Bloomberg, ConceptABS, Rating Agencies, Other</i>	<i>Bloomberg, ConceptABS, Rating Agencies, Other</i>	<i>EBA</i>	<i>EBE - European Benchmark Exercise - AFME/EDW/TSI (Link)</i>

Appendix II – Default Rates Europe vs. USA*

A comparison of Defaults from 1976 - 2022	EU	USA
Securitisations	1.0 %	4.1 %
RMBS	0.3 %	
ABS	0.2 %	
CLOs	0.1 %	

Weakest sectors	EU	USA
ABS CDOs	5.1 %	13.1 %
CMBS	3.0 %	
Subprime RMBS		5.3 %
alt-A RMBS		9.3 %

*The data source is yearly reported by Standard & Poor's, usually published under the title "Default, Transition, and Recovery". No qualitative changes are evident when a different time period, e.g. from mid 2007 to the end of 2013, is chosen (see AFME "[High-quality securitisation for Europe](#)", Page 19.). For additional details comparing the performance of US/EU securitisations during the financial crisis, see the following report from the FSB: "[Evaluation of the Effects of the G20 Financial Regulatory Reforms on Securitisation](#)" (Page 39)