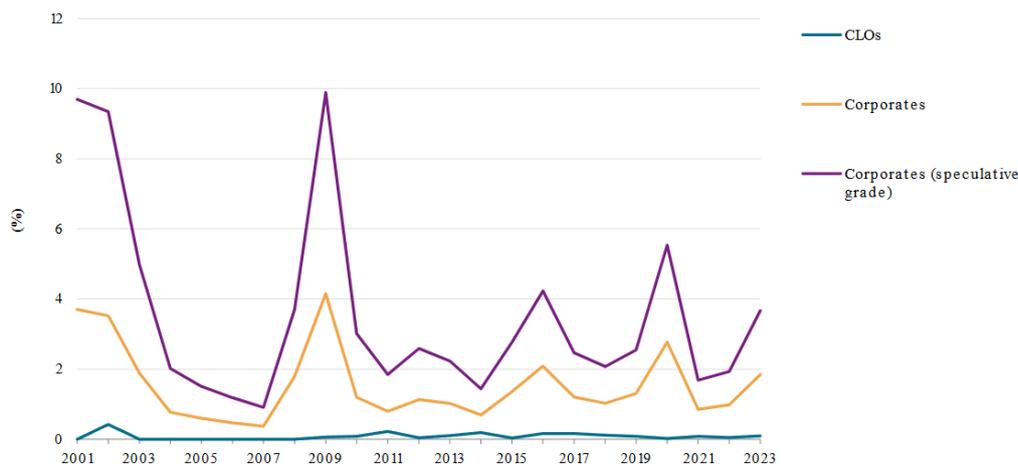


Figures and graphs (Annex 2) -- AIMA and ACC's¹ response to the European Commission's targeted consultation on the functioning of the EU securitisation framework

Figure 1: Annual global default rates, CLOs versus corporates (Source: [Standard & Poor's](#))

Annual global default rates
CLOs versus corporates

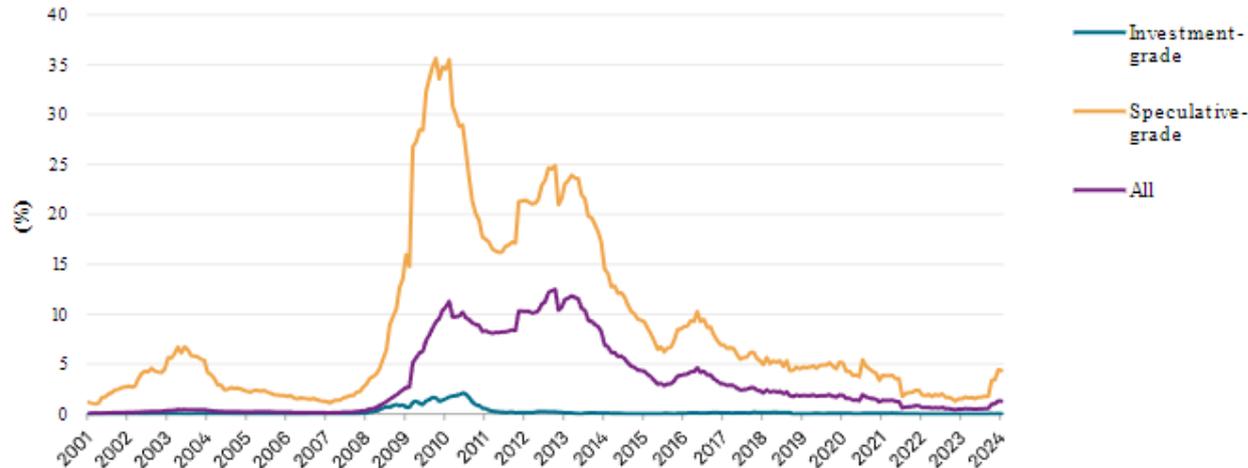


Default rates for "CLOs" and "Corporates" includes all rated entities. "Corporates (speculative grade)" includes only companies rated 'BB+' and below. CLO--Collateralized loan obligation. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.
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¹ The Alternative Credit Council (ACC) is a global body that represents asset management firms in the private credit and direct lending space. It currently represents 250 members that manage over \$1tn of private credit assets. The ACC is an affiliate of AIMA and is governed by its own board which ultimately reports to the AIMA Council. ACC members provide an important source of funding to the economy. They provide finance to mid-market corporates, SMEs, commercial and residential real estate developments, infrastructure as well the trade and receivables business. The ACC's core objectives are to provide guidance on policy and regulatory matters, support wider advocacy and educational efforts and generate industry research with the view to strengthening the sector's sustainability and wider economic and financial benefits. Alternative credit, private debt or direct lending funds have grown substantially in recent years and are becoming a key segment of the asset management industry. The ACC seeks to explain the value of private credit by highlighting the sector's wider economic and financial stability benefits.

Figure 2: Global structured finance 12-month-trailing default rates (Source: [Standard & Poor's](#))

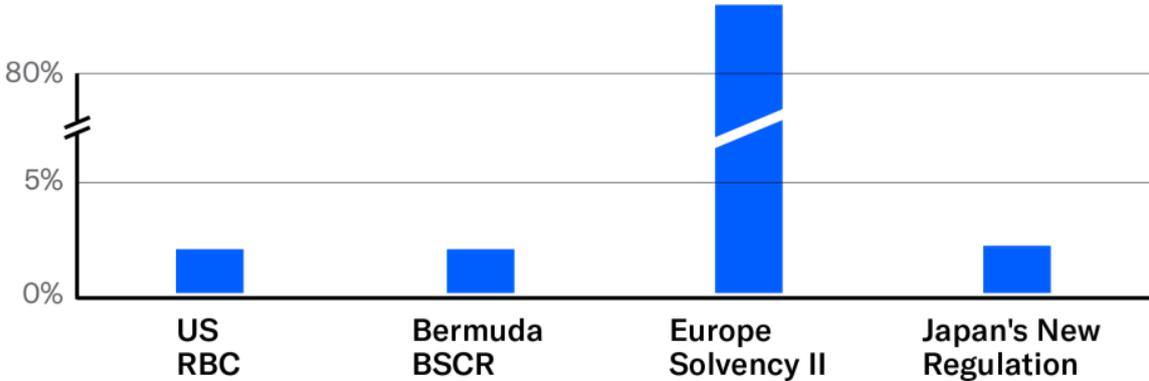
Global structured finance 12-month-trailing default rates
By rating grade



Source: S&P Global Ratings Credit Research & Insights
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Figure 3: Comparison of insurers' capital charges for structured assets in relevant jurisdictions (Source: Moody's sector in-depth report, [Life Insurance – Cross Region Regulation contributes to material differences in private credit allocation](#), May 2024)

Exhibit 3
Capital charges for structured assets are significantly higher in Solvency II than in other capital regimes
Comparison across various regulatory regimes of capital charges (adjusted for targeted capital level) for an investment in a five-year senior CLO tranche rated A



In this chart, capital charges of the US RBC regime have been multiplied by two to reflect a targeted level of ratio (around 400% RBC ratio) which is around two times higher in the US than in other regimes. We also assume that CLOs do not meet the Solvency II requirements to be classified as an STS (Simple, Transparent and Standardized) securitization.
Sources: NAIC, BMA, EIOPA, Japan Financial Services Agency (JFSA) and Moody's Ratings

Figure 4: Comparison of capital charges for selected asset classes across various insurance jurisdictions (Source: Moody's sector in-depth report, [Life Insurance – Cross Region Regulation contributes to material differences in private credit allocation, May 2024](#))

Exhibit 8

Comparison of capital charges for selected asset classes across various insurance regulatory regimes

	US RBC	Bermuda BSCR	Europe Solvency II	Japan's New Regulation
CLO - senior - A-rated - 5 years	0.8%	1.8%	83.0%	2.1%
RMBS - senior - A-rated - 5 years	0.8%	2.0%	8.0%	2.1%
Corporate bond - A-rated - 5 years	0.8%	1.5%	7.0%	2.1%
Corporate loan - unrated - 5 years	30.0%	35.0%	15.0%	12.5%
Corporate bond - A-rated - 10 years	0.8%	1.5%	10.5%	3.2%
Real estate for investment	11%-13%	20.0%	25.0%	25.0%
Listed equities developed market	30.0%	35.0%	39.0%	35.0%
Private Equity	30.0%	20.0%-45.0%	49.0%	49.0%
Residential mortgage loans (LTV 75%)	0.7%	1.5%	3.0%	2.1%
Local sovereign bond - 30 years	0.0%	0.0%	0.0%	0.0%

All capital charges are on a pretax basis. Bermuda: capital charges for mortgage loans are based on non-guaranteed mortgages. Japan: capital charges for mortgage loans are based on owner occupied residential mortgages. US: capital charges for mortgage loans are based on residential mortgages.

Sources: NAIC, BMA, EIOPA, JFSA and Moody's Ratings