

SPRING WORKSHOP SERIES

FRANCE – 6 APRIL 2022



ON TODAY'S CALL



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AGENDA

WELCOME AND INTRODUCTION

- Dr Christian Thun, European DataWarehouse

THE USE OF ESMA DATA FOR THE VALUATION OF COLLATERAL

- Olivier Clementin, CFA, Banque de France

THE IMPORTANCE OF DATA QUALITY IN MOODY'S CREDIT ANALYSIS

- Anne-Sophie Spirito, Moody's Investors Service

PROPOSAL FOR THE RECAST OF THE ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE (EPBD) AND ENERGY PERFORMANCE CERTIFICATES (EPC)

- Thibault Roy, European Commission

LATEST DEVELOPMENTS ON STS VERIFICATION

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- Nicolas Deschamps, European DataWarehouse

RECENT RESEARCH ACTIVITIES

- Ludovic Thebault, PhD, European DataWarehouse

WELCOME AND INTRODUCTION

DR CHRISTIAN THUN, EUROPEAN DATAWAREHOUSE

THE USE OF ESMA DATA FOR THE VALUATION OF COLLATERAL

OLIVIER CLEMENTIN, CFA, BANQUE DE FRANCE

UTILISATION DES DONNÉES ESMA POUR LA VALORISATION DU COLLATÉRAL



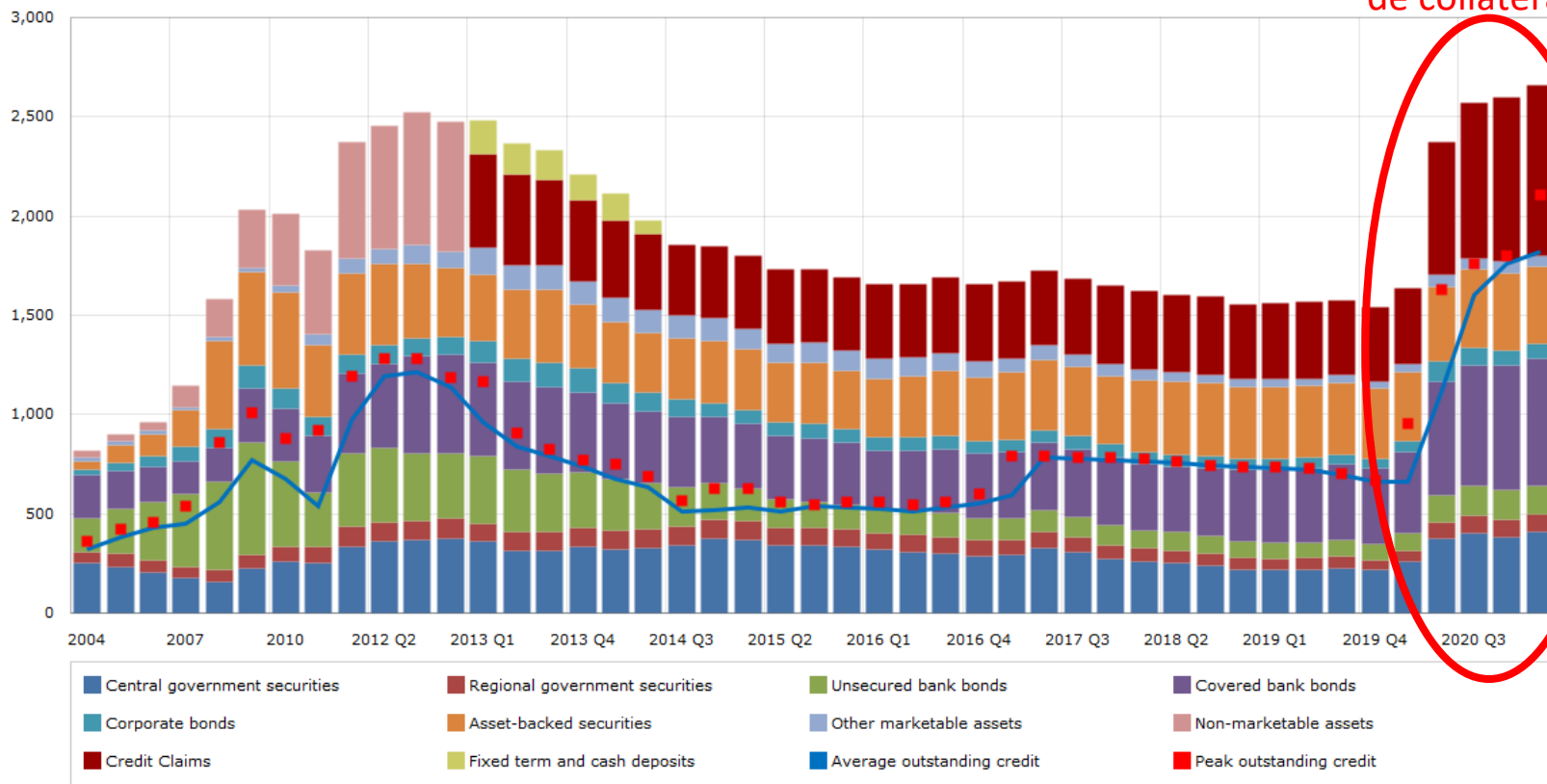
VALORISATION DES ACTIFS NÉGOCIABLES : DES GRANDS PRINCIPES ÉLABORÉS PAR L'EUROSYSTÈME

- **Valorisation de tous les actifs éligibles tous les jours**
 - ⇒ Une seule politique monétaire et une seule liste (d'actifs éligibles) ; un dispositif unifié de contrôle du risque
- **Prix unique au sein de l'Eurosystème "Final Eurosystem Price" (FEP) pour toutes les Banques centrales nationales**
 - ⇒ Égalité des chances concernant l'accès à la monnaie centrale et à la politique des garanties : une seule décote/ prix pour un actif donné
- **Approche d'amélioration continue des méthodologies**
 - ⇒ Capitaliser sur l'expertise locale et développer des synergies dans les Banques centrales (exemples récents: un travail sur la modélisation des prépaiements et une méthode de prise en compte des prix de marché pour les ABS)

UTILISATION DU COLLATÉRAL PAR TYPE D'ACTIFS ET ENCOURS DE CRÉDIT

Crise sanitaire Covid-19 et assouplissement du cadre de collatéral

Milliards d'euros



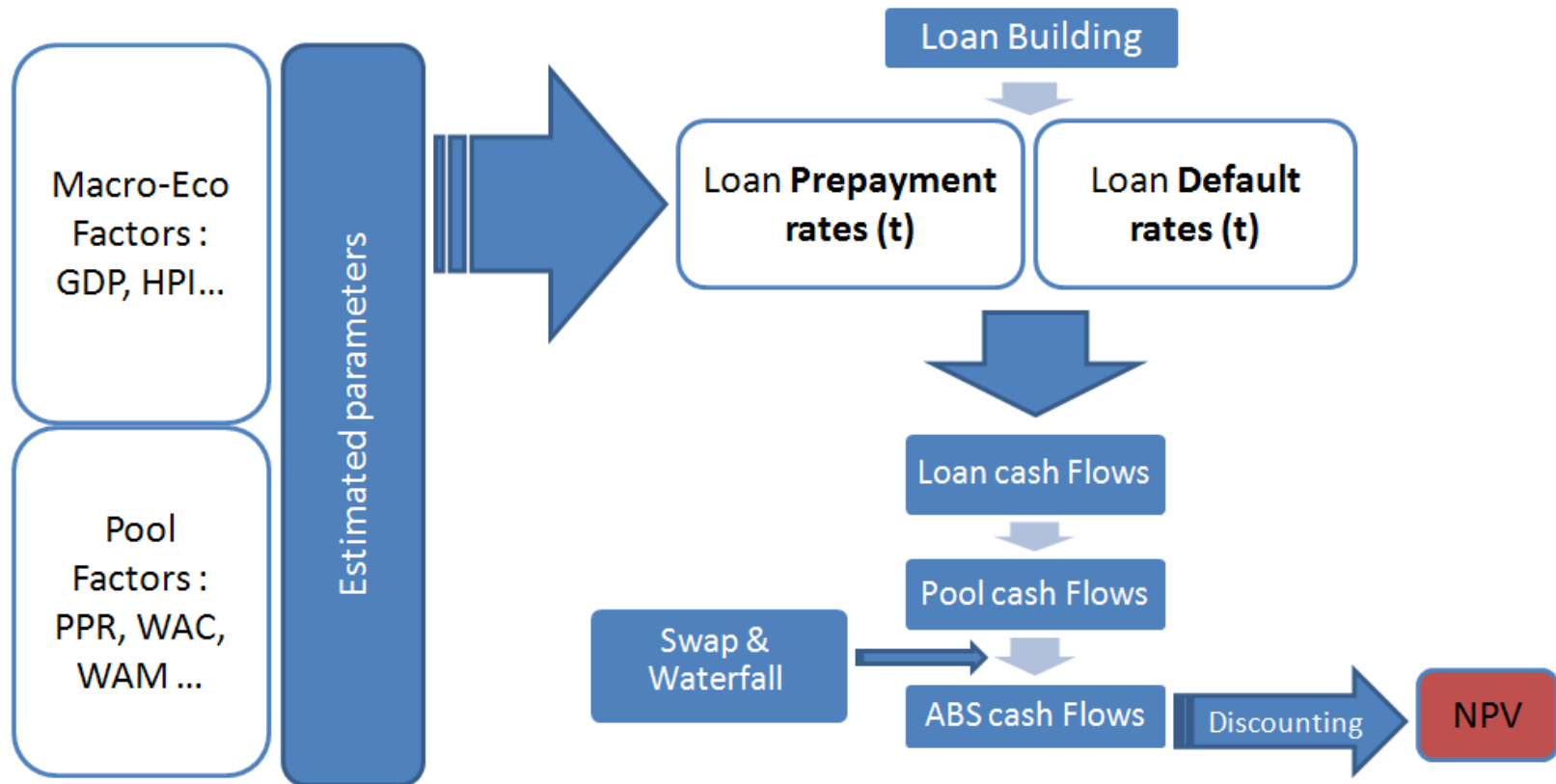
Source : Site internet BCE

Les ABS sont un élément majeur du collatéral déposé

ASSET-BACKED SECURITIES (ABS)

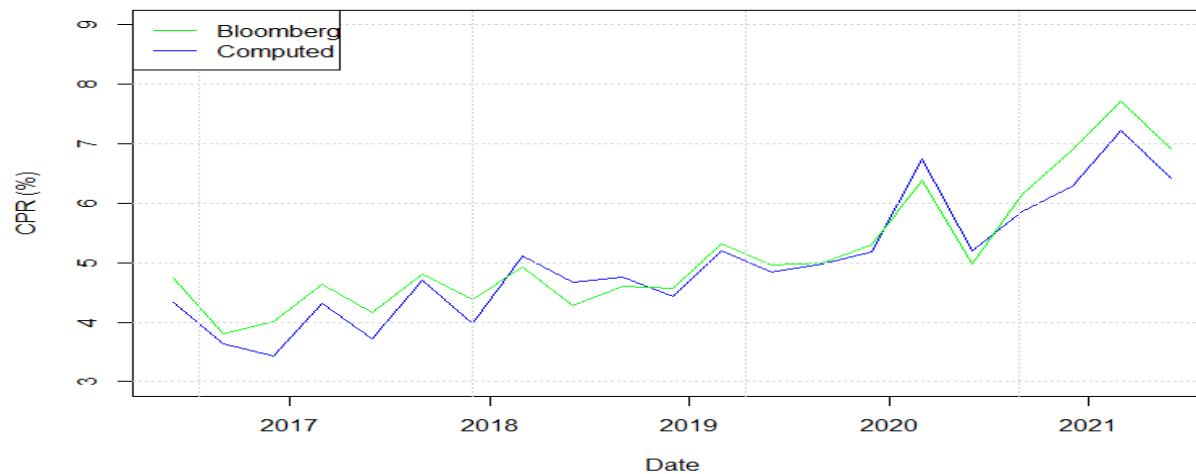
TITRES ADOSSÉS À DES ACTIFS

CEPH récupère les données de prêt d'EDW et les agrège pour la valorisation théorique



MODELISATION DES REMBOURSEMENTS ANTICIPES

- **EDW fournit des données de remboursement anticipé qui permettent de préciser les données Bloomberg incomplètes.**
 - par exemple, le 22/9/2021, parmi les 281 pools RMBS éligibles, seuls 196 ont un CPR sur Bloomberg, alors que les données Edwin permettent de calculer les CPR sur 279 pools
- **L'analyse des différences entre les deux sources de données, quand elles sont disponibles, permettent de valider le niveau des CPR.**
 - 91% des pools diffèrent de moins de 2%, 71% de moins de 1%



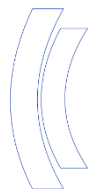


PRISE EN COMPTE DU RISQUE CLIMATIQUE

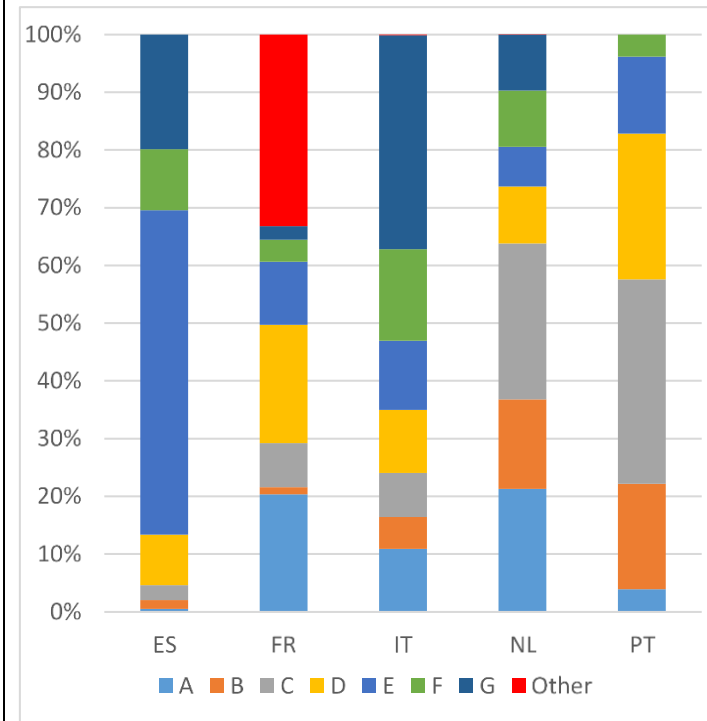
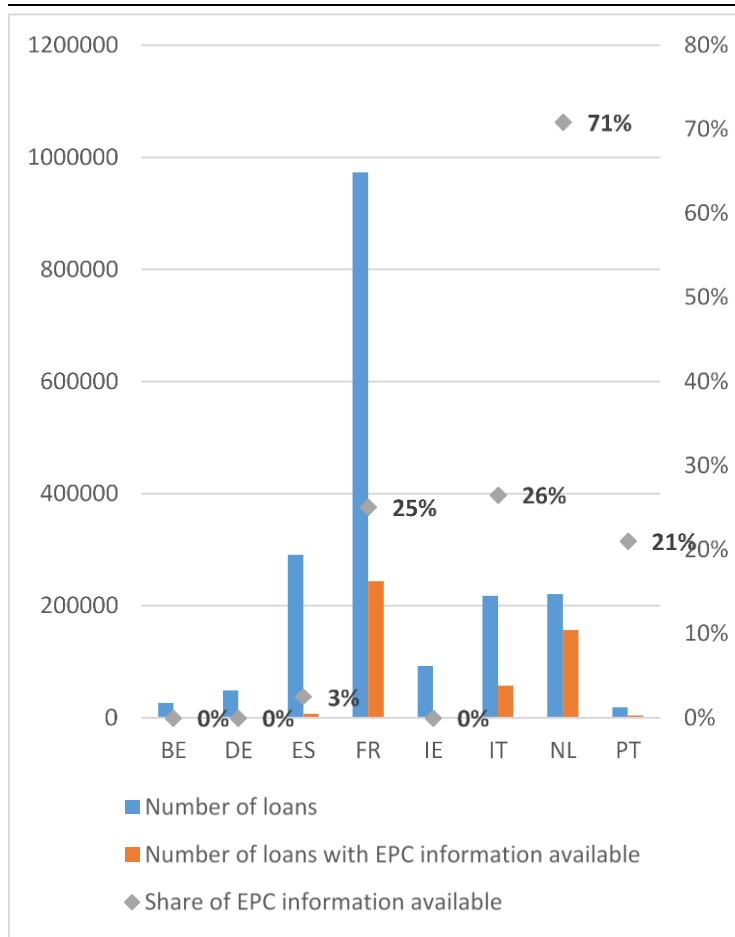
- **Pour se protéger du risque climatique (tant physique que de transition), l'Eurosystème étudie le profil d'émission des actifs financiers qu'il reçoit en collatéral**
 - ⇒ Les obligations d'entreprise peuvent être classées selon le profil de leur émetteur mais pour les ABS on doit étudier chaque prêt

- **Le marché prend-il en compte les émissions de gaz à effet de serre dans la valorisation des ABS ?**
 - ⇒ Par des études statistiques, la Banque de France surveille de près la manière dont le marché prend en compte le risque climatique dans la valorisation des actifs

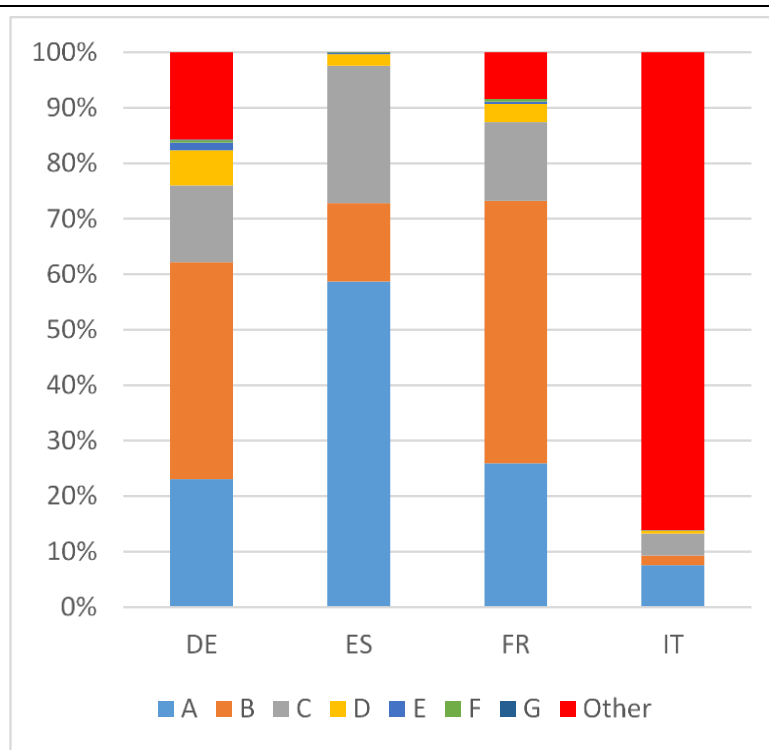
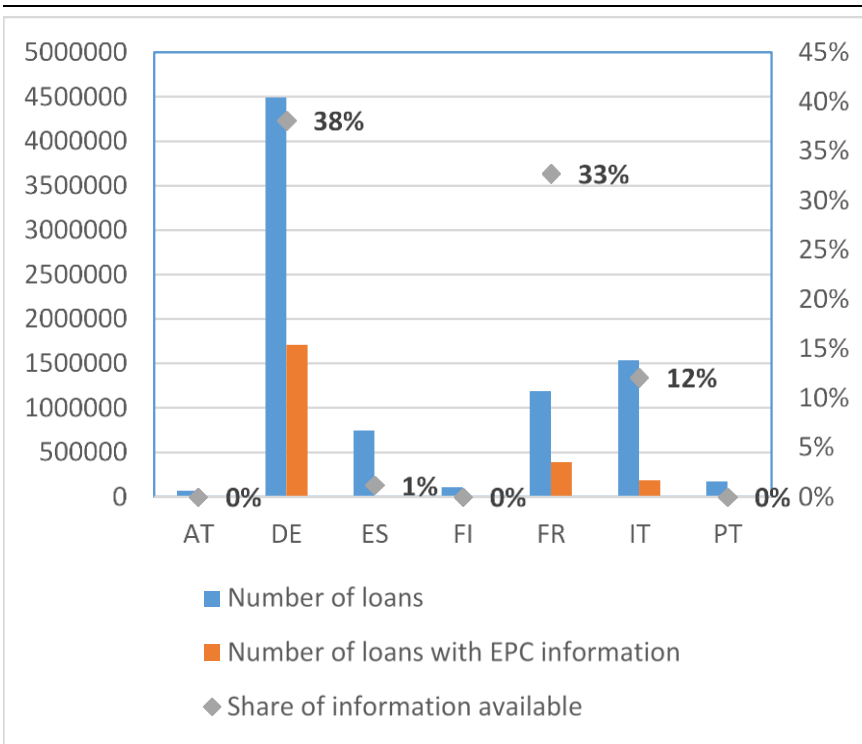
- **Les données ESMA contiennent un champ EPC avec une note de A à G ainsi qu'une note "Other"**
 - ⇒ Aujourd'hui seuls les RMBS (prêts immobiliers) et les Prêts automobiles contiennent cette information mais elle est souvent incomplète
 - ⇒ Les données disponibles sont très hétérogènes, par exemple :
 - aucune donnée EPC disponible en Allemagne pour les RMBS car l'échelle utilisée est différente (échelle numérique et non A-G)
 - le recours à la rubrique "Other" est très variable selon les pays



DISPONIBILITE DES DONNEES EPC POUR LES RMBS



DISPONIBILITE DES DONNEES EPC POUR LES ABS AUTO



THE IMPORTANCE OF DATA QUALITY IN MOODY'S CREDIT ANALYSIS

ANNE-SOPHIE SPIRITO, MOODY'S INVESTORS SERVICE



The importance of data quality in Moody's credit analysis

Agenda

1. Data quality is key for credit analysis
2. ESMA templates will raise data quality, but additional information is needed for credit analysis
3. Examples of information missing from ESMA's framework

Data quality is key in structured finance transactions credit analysis

The evaluation of the characteristics of the underlying assets is a key element of our rating analysis

Hence our rating analysis relies, in part, on the quality of the data provided



Data should provide an accurate representation of the asset characteristics

We rate transactions only if we have sufficient information from reliable sources

- » Data quality concerns may limit the rating assigned
- » Data quality concerns may result in an assessment that, for a given rating level, a higher credit enhancement is needed than would otherwise be the case



Data quality is important through the life of the transactions and essential for our surveillance process

Accurate and complete information is needed at origination and during the life of the transactions

- » Data quality concerns can lead to surveillance rating committees
- » Consequences could be an increase in the credit enhancement needed for a particular rating, a rating downgrade or a rating withdrawal

ESMA templates will raise data quality but additional information is needed for credit analysis

Standardised disclosures ease credit risk analysis and benchmarking

1

ESMA reporting requirements introduce consistent disclosures on collateral, performance, counterparties, triggers and bonds information

- » Increased transparency and comparability of data
 - All fields are mandatory
 - Consistent format
 - But certain aggregated data lack

Ongoing access to data beyond the ESMA templates is needed

2

It is crucial that servicers continue to provide missing information on a voluntary basis, to ease credit analysis

- » Missing loan by loan information:
 - Needed at closing and during the life of the transaction for revolving pools
- » Missing investor report information:
 - Key aggregated and cumulative asset information is needed to access consistent asset level performance indicators

Securitisation repositories support data consistency and availability

3

Securitisation repositories gather, maintain and make available transaction reports. This is increasing data quality.

- » Data repositories have the right to reject a report if too much information is missing

Loan by loan fields missing from ESMA templates

Examples of RMBS loan-by-loan data outside of ESMA's framework

Additional loan-by-loan data	Details
Additional information on property postcode	For non-EU deals that do not use NUTS3 code
Additional information on repayment method	To also identify interest only loans associated with savings deposit, investment portfolio or life insurance policy
Prior repossessions	Indicator of prior repossessions, Yes/No, if available
Additional information if an automated valuation model (AVM) is used as a method for property valuation	Information about the AVM provider and its stated confidence interval
Additional information on borrower's bad credit history	For example, regarding county court judgements or previous mortgage arrears, if applicable

Nomenclature of Territorial Units for Statistics (NUTS) is a hierarchical classification of administrative areas.

Source: Moody's Investors Service

Examples of investor reports data missing from ESMA templates

Additional investor report data	Details
Aggregate principal outstanding balance	Current aggregate pool balance at the end of the reporting period; to be stated whether defaulted loans have been included or not
Cumulative additions	Since closing, cumulative amount of receivables added to the portfolio (for nonrevolving transactions, for example in case of tap issuance)
Cumulative and periodic replenishments	Cumulative (since closing) and periodic amount of receivables added to the portfolio during revolving period (for revolving transactions)
Cumulative substitutions	Since closing, cumulative amount of substituted loans
Cumulative and periodic prepayments	Cumulative (since closing) and periodic unscheduled principal payments received
90+ days delinquent loan amount	90+ days delinquent loan balance, excluding defaulted loans as relevant
Cumulative and periodic losses	Cumulative (since closing) and periodic loss amount
Cumulative recoveries	Since closing, cumulative amounts recovered from property sale and other sources
Gross cumulative and periodic defaults	Cumulative (since closing) and periodic defaulted loan amounts
Cumulative and periodic properties sold (loan amount)	Cumulative (since closing) and periodic loan amount relating to properties sold
Receiver of rent outstanding amount	Mainly for UK buy-to-let RMBS
Cumulative and outstanding amount of repossessions	Mainly for UK and Irish RMBS

Source: Moody's Investors Service

Additional information for auto ABS transactions

Examples of auto ABS data outside of ESMA's framework

Additional loan-by-loan data	Details
Engine type	Engine type (e.g. Diesel, Electric, Hybrid PHEV, Hybrid MHEV, Hybrid Other, Petrol)
Emission engine standard	Euro emission engine standard
Year of registration	Year of the first registration
Balloon final amount	Balloon final amount for German balloon contracts with 3-way financing option
Additional investor report data	Details
Cumulative PCP handbacks	Cumulative amount of Personal Contract Purchase (PCP) handbacks since closing; mainly UK auto ABS
Cumulative PCP recovery	Cumulative amount of PCP recovery since closing; mainly UK auto ABS
VT amount in the period	Periodic amount of voluntary terminations (VT); mainly UK auto ABS
Cumulative VT amount	Cumulative amount of VT since closing; mainly UK auto ABS
VT periodic recoveries amount	Mainly UK auto ABS
Cumulative VT recoveries amount	Mainly UK auto ABS

Source: Moody's Investors Service

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PROPOSAL FOR THE RECAST OF THE ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE (EPBD) AND ENERGY PERFORMANCE CERTIFICATES (EPC)

THIBAUT ROY, EUROPEAN COMMISSION



**Delivering on the European
Green Deal and Fit for 55**

Proposal for the recast of the

Energy Performance of Buildings Directive (EPBD) and energy performance certificates (EPCs)

Thibault Roy

European Commission – Directorate-General for
Energy

Outline

- Background and objectives
- Some key provisions from the EPBD proposal
- Financing
- Focus on EPCs / data



Background and objectives

- Green Deal
- Renovation Wave
- Fit for 55/Delivering the Green Deal package. Links with other initiatives, including EED, ETS, RED2
- EPBD proposal adopted on 15 December 2021 - COM(2021) 802 final
- Discussions in Council and Parliament



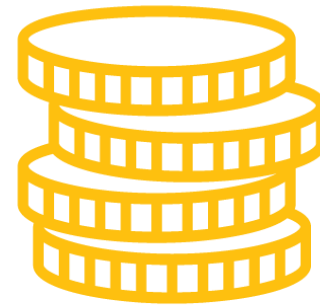
Some key provisions from the EPBD proposal

- **Minimum Energy Performance Standards (MEPS)**
 - Union-wide MEPS to phase out worst-performing buildings
 - Public and other non-residential buildings: at least EPC class F by 2027 & EPC class E by 2030
 - Residential buildings: at least EPC class F by 2030 & EPC class E by 2033
- **Zero emission buildings (ZEBs)**
 - Benchmarks per climatic zones, to be applied by 2030 (2027 for public buildings)
 - On-site renewables, efficient district heating and energy communities



Financing

- **Some key provisions from EPBD, FF55 and beyond**
 - National building renovation plans
 - Link with deep renovation, taxonomy
 - Innovative financing mechanisms
 - Prudential initiatives
 - Reporting initiatives



Focus on EPCs / data

- **Energy Performance Certificates (EPCs)**

- By 2025, harmonised scale of energy performance classes (from A to G, with A = ZEB and G = 15% worst buildings)
- Common template with energy and GHG indicators
- Trigger points for compulsory EPCs
- Validity of energy performance certificates of the lower D to G classes reduced to five years

- **Databases**

- National and EU level

- **Access to data**

- Differentiating btw. personal and non-personal data
- Personal data: who should have access to what when? - *To be continued*





Thank you

LATEST DEVELOPMENTS ON STS VERIFICATION

ROB KONING, PRIME COLLATERALISED SECURITIES (PCS)

PCS

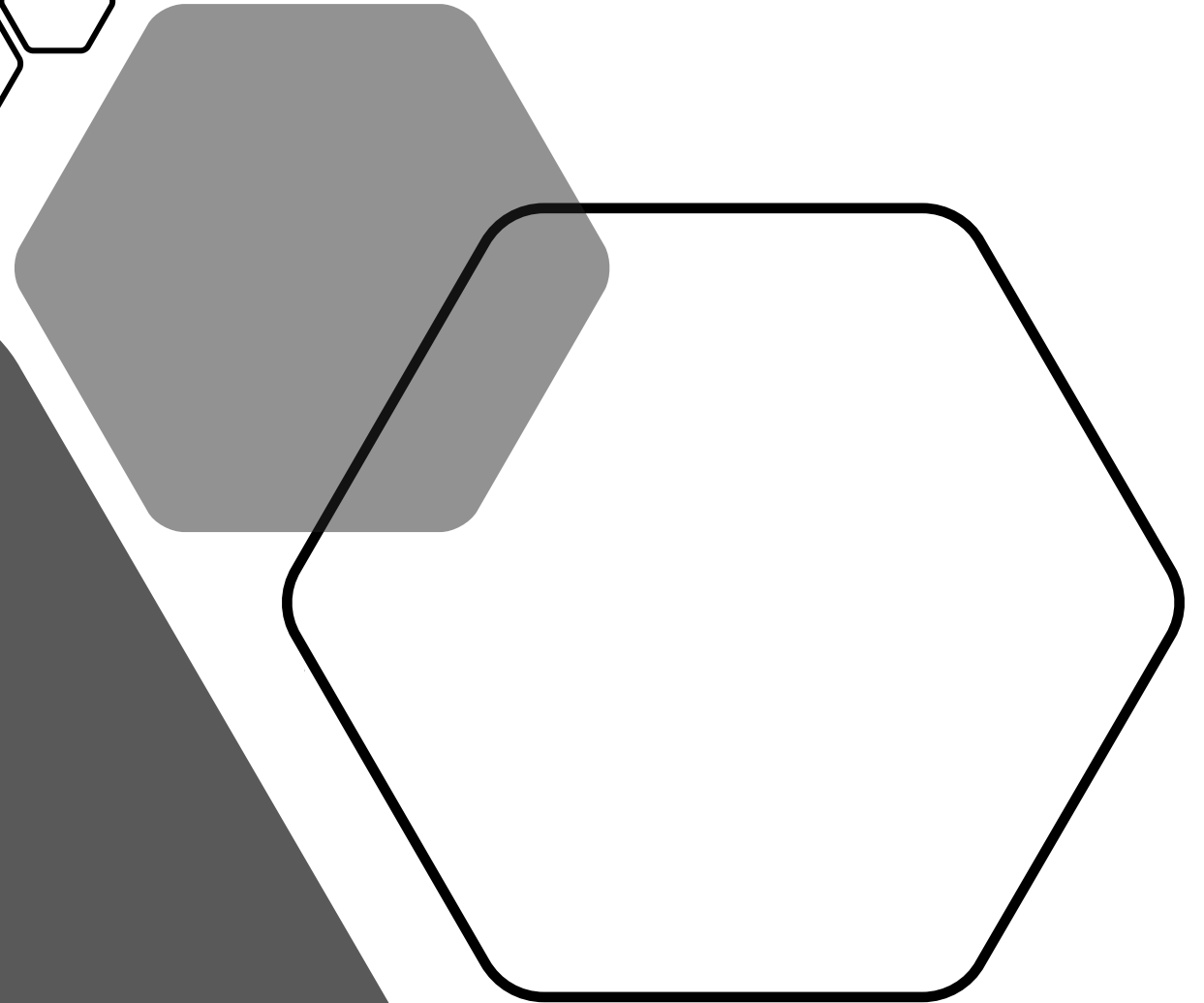
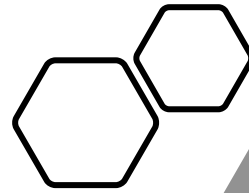
Setting the Standard for Securitisation

March 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

(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

(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
- RTS on adverse impacts still pending



Thank you for your attention

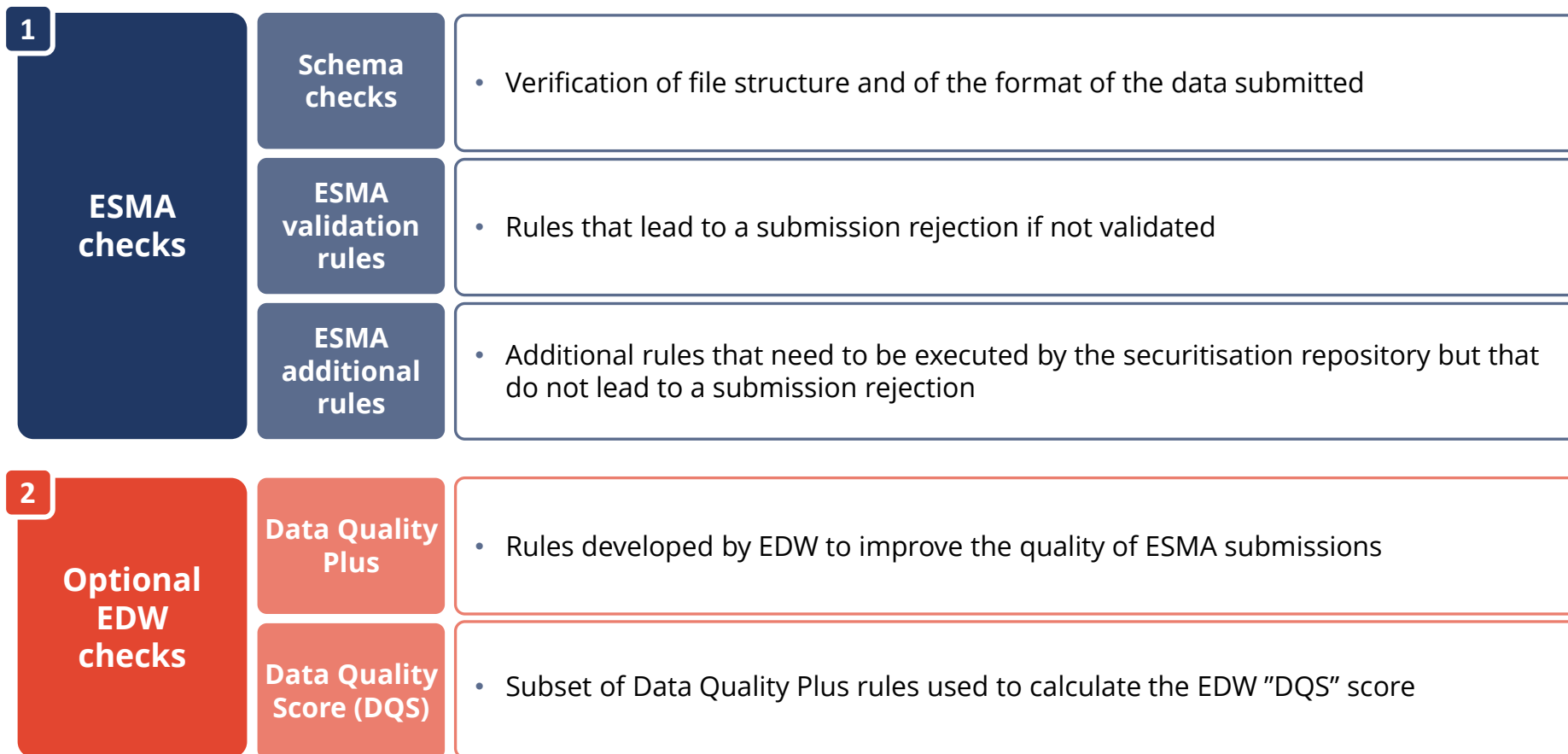
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UPDATE ON THE ESMA DATA QUALITY RULES AND NEW EDITOR FEATURES

NICOLAS DESCHAMPS, EUROPEAN DATAWAREHOUSE

UPDATE ON THE ESMA DATA QUALITY RULES

OVERVIEW OF EDW'S DATA QUALITY IMPROVEMENT PROCESSES



IDENTIFYING THE ADDITIONAL CHECKS DEVELOPED BY EDW

EDITOR's 'Download feedback' function allows issuers to view the failing checkIDs for the submitted ESMA templates

RuleId	RuleDesc	TemplateType	Status	Records
RREL63/UD/A/01	Prepayment Date (RREL63) later than Data Cut-Off Date (RREL6).	RMB	RJCT	5
RREL4/IS/A/01	[WARN] Original Obligor Identifier (RREL4) reports a different value than in the previous submission.	RMB	WARN	6
RREL37/IS/A/01	[WARN] Scheduled Principal Payment Frequency (RREL37) reports a different value than in the previous submission.	RMB	WARN	1
RREL48/CZ/A/01	[DQS] Interest Rate Cap (RREL48) equal to zero; for active loans.	RMB	WARN	5467
RREL49/IIC/A/01	[Data Quality Plus] Interest Rate Floor (RREL49) higher than Current Interest Rate (RREL43).	RMB	WARN	3320
RREL68/UHV/A/01	[Data Quality Plus] Number Of Days In Arrears (RREL68) greater than 180 when Account Status is not 'Defaulted' or 'Other' (RREL69 not in ('DFLT';'NDFT';'DTCR';'DADB';'OTHR')).	RMB	WARN	12
RREL69/OTH/A/01	[Data Quality Plus] Account Status equal to 'Other' (RREL69 = 'OTHR').	RMB	WARN	22
RREL73/ND5/A/01	[DQS] Allocated Losses (RREL73) reports ND5 when Sale Price (RREC21) or Date Of Sale (RREC20) are populated; for active loans.	RMB	WARN	6150
RREL8/IIC/A/01	[Data Quality Plus] Date Of Repurchase (RREL8) is populated when Account Status is not 'Repurchased' or 'OTHR' (RREL69 not in ('REBR'; 'REDF'; 'RERE'; 'RESS'; 'REOT'; 'OTHR')).	RMB	WARN	7421
RREL8/UD/A/02	[DQS] Date Of Repurchase (RREL8) earlier than 1980-01.	RMB	WARN	7443

RJCT Status

- ESMA validation rules

WARN Status

- **[WARN]:** ESMA additional rules
- **[DATA QUALITY PLUS]:** Rules developed by EDW to improve the quality of ESMA submissions
- **[DQS]:** Subset of Data Quality Plus rules used to calculate the EDW "DQS" score

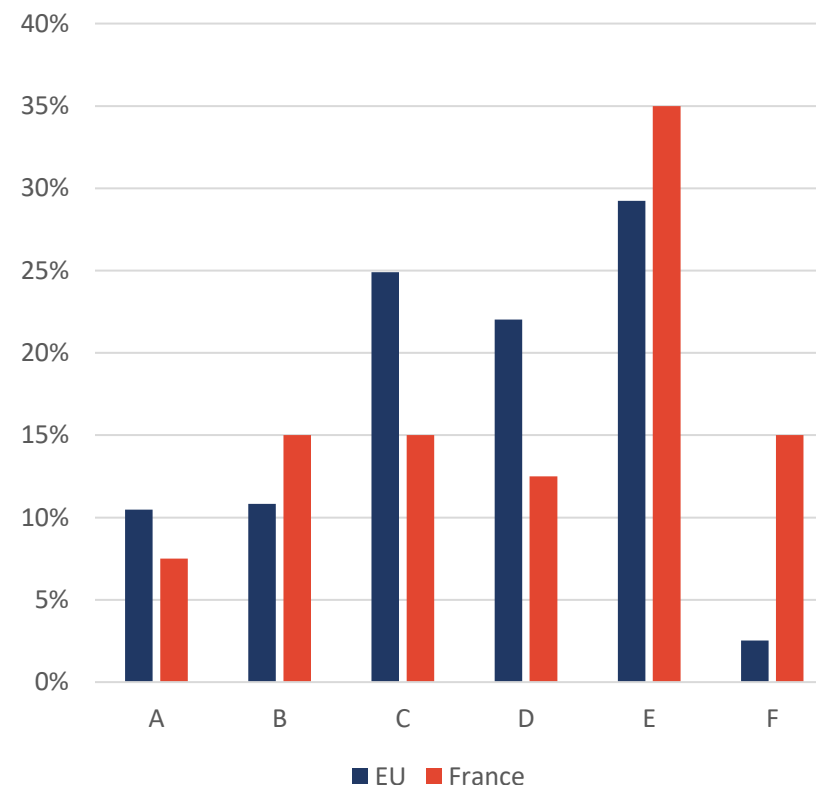
“DQS” SCORE DISTRIBUTION FOR ESMA TEMPLATES

Methodology

- Automated score based on DQS failed rules – subset of all EDW Data Quality Plus rules
- Objective and common approach for all deals, jurisdictions, and asset classes
- Based on the following formula: $\frac{\sum(F_f)}{n \times MF}$ where:
 - F_f represents a field that failed a rule;
 - n is the total number of loans for each mandatory field;
 - MF represents the number of unique fields per each asset class with at least one DQS check implemented.

DQS1 Score	Min. Fail Ratio	Max. Fail Ratio	Ratio
A	0.0000%	0.0001%	Up until 1 in a million
B	0.0001%	0.005%	Up until 5 in 100k
C	0.005%	0.1%	Up until 1 in a thousand
D	0.1%	1%	Up until 1 in a hundred
E	1%	4%	Up until 4 in a hundred
F	4%	100%	> 4 in a hundred

DQS score distribution for ESMA templates



Note: data based on unique ESMA template submissions as of 10 March 2022
Source: EDW calculations

MAIN DRIVERS FOR “DQS” SCORE

	Field
1	Credit Impaired Obligor
2	Purchase Price
3	Current Principal Balance
4	Origination Channel
5	Date Of Restructuring
6	Redemption Date
7	Maturity Date
8	Original Term
9	Number Of Days In Arrears
10	Original Term

Note: based on data as of 10 March 2022
Source: EDW calculations

NEW EDITOR FEATURES


SELECTION OF THE REPORTING ENTITY DURING THE DEAL CREATION PROCESS


The Reporting Entity is now derived from the Securitisation Identifier

Create Deal

Ensure all details below are correct before confirming new deal.

Data Owner	European DataWarehouse GmbH
Data Provider	European DataWarehouse GmbH
Reporting Entity LEI	529900IUR3CZBV87LI37 ← 2
Reporting Entity Name	European DataWarehouse GmbH ← 2
Securitization Identifier 1 →	529900IUR3CZBV87LI37N202245

 Edit Deal

 Cancel



 Confirm

ADD AND VISUALISE PREFERRED DEALS

Stay up to date with recent submissions and new document uploads using the MyPortfolio tool in EDITOR

- Via the EDITOR “Home” tab, create a personal portfolio and add specific deals based on the Securitisation ID, ISIN, or EDCode.
- Select the type of notifications you want to receive:
 - ✓ New ESMA uploads
 - ✓ New ECB uploads
 - ✓ Documentation Changes
- Select the frequency of the notifications: Daily, Monthly, or Quarterly.

My Portfolios

 View
 Create

Portfolio Name

Add (Only one of the below Securitisation ID / ISIN / Edcode can be selected in a portfolio)

Securitisation ID
ISIN
Edcode

Subscribe to Email Notifications

New ESMA uploads
 New ECB uploads

Documentation Changes

Frequency

Daily
Monthly
Quarterly

Submit

COMPLIANCE WITH ARTICLE 5 OF THE SECURITISATION REGULATION

Get key transaction information in a standardised format with EDW Monitoring Report Solution

- Supports institutional investors in carrying out their due diligence assessment to comply with ongoing monitoring requirements under Article 5 of the Securitisation Regulation.
- Contains a transaction summary with the most important information for a selected deal, such as principal balance, average LTV ratio, risk retention method, and ISIN-level data.
- Allows in-depth insights on the pool of underlying assets, retrieved directly from EDW's database.
- Currently available for RMBS and Auto asset classes - others soon to come.

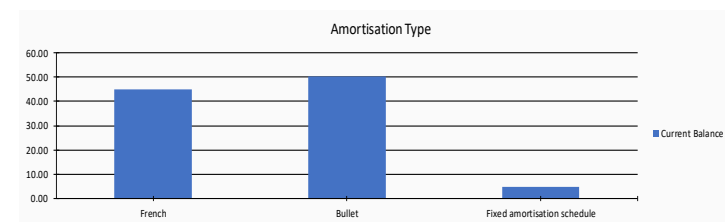
3. Prior to holding a securitisation position, an institutional investor, other than the originator, sponsor or original lender, shall carry out a due-diligence assessment which enables it to assess the risks involved. That assessment shall consider at least all of the following:

- (a) the risk characteristics of the individual securitisation position and of the underlying exposures;
- (b) all the structural features of the securitisation that can materially impact the performance of the securitisation position, including the contractual priorities of payment and priority of payment-related triggers, credit enhancements, liquidity enhancements, market value triggers, and transaction-specific definitions of default;

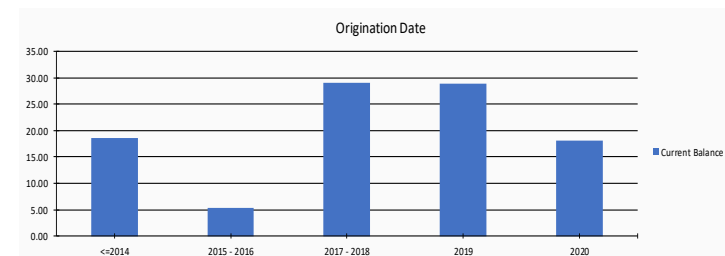
MONITORING REPORT SOLUTION FOR THE DUE DILIGENCE OF INVESTORS

Comprehensive overview. Easy to read. Quick to download.

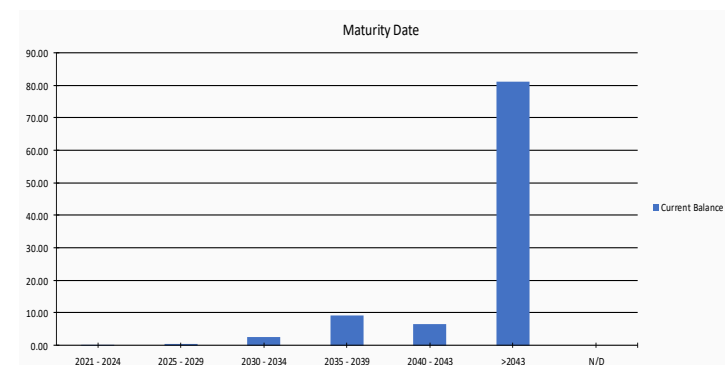
Amortisation Type	Current Balance	Current Balance %	Number of Loans
French	200,963,505.00	44.87	2,612
Bullet	225,812,671.00	50.42	2,541
Fixed amortisation schedule	21,131,294.00	4.72	240



Origination Date	Current Balance	Current Balance %	Number of Loans
<=2014	96,450,188.11	18.62	1,125
2015 - 2016	27,485,982.82	5.31	328
2017 - 2018	150,714,382.72	29.10	1,348
2019	149,883,468.21	28.94	1,341
2020	93,415,313.96	18.04	832



Maturity Date	Current Balance	Current Balance %	Number of Loans
2021 - 2024	64,727.22	0.01	8
2025 - 2029	2,274,397.25	0.45	59
2030 - 2034	13,146,238.84	2.58	194
2035 - 2039	46,352,073.62	9.11	538
2040 - 2043	33,746,284.18	6.63	366
>2043	413,477,314.83	81.22	3,649
N/D	0	0	223



RECENT RESEARCH ACTIVITIES

LUDOVIC THEBAULT, PHD, EUROPEAN DATAWAREHOUSE

UPCOMING WEBINARS

Visit the <https://eurodw.eu/news-events-and-multimedia/events/> page to register for upcoming events

<p>27.</p> <p>APR 2022</p>	<p>EDW 2022 Spring Workshop Series - German Market Webinar @ 16:00 CEST</p>
<p>28.</p> <p>APR 2022 WEBINAR</p>	<p>Introducing the EDW Adjusted Database @ 16:00 CEST</p>
<p>04.</p> <p>MAY 2022 WEBINAR, WORKSHOP</p>	<p>EDW 2022 Spring Workshop Series - Irish Market Webinar @ 16:00 CEST</p>
<p>18.</p> <p>MAY 2022</p>	<p>EDW 2022 Spring Workshop Series - Portuguese Market Webinar @ 16:00 CEST</p>

THANK YOU // CONTACT US

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