

Comments

on EBA RTS on the homogeneity of the underlying assets in STS securitisation

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The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent approximately 1,700 banks.

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General remarks

The EBA proposes to apply the conditions for determining the homogeneity of a traditional securitised portfolio to synthetic securitisations as well. In principle, we welcome this. In our view, however, the proposed amendments concerning the securitisation of exposures to individuals and enterprises have not been adequately thought through and need to be defined more precisely. This is mainly due to the fact that the exposures to be deemed homogeneous will often be assessed using different rating methods.

Questions

Q1: Do you agree with the proposed amendment to the asset category in Article 1 with respect to the addition of “credit facilities provided to enterprises, where the originator applies the same credit risk assessment approach as for individuals not covered under points (i), (ii) and (iv) to (viii)”? Please elaborate on the practical relevance.

To take better account of the special features of securitisations of SME loans, the EBA would like to allow originators to securitise certain exposures to corporates together with exposures to retail customers for all types of securitisations. However, the prerequisite for this is that the same approach is used to assess credit risks for both types of exposures (Article 1, paragraph 1(a)(iii) of the proposed new Delegated Regulation (EU) 2019/1851). First, we would like to note that it is not clear what is meant by the “same [...] approach”. If this means that the same rating method must be used for every debtor or that the same documents must be analysed, we do not believe that this criterion for determining homogeneity would serve a useful purpose. Corporate clients (both SMEs and others) provide different documentation compared to retail clients and, for this reason, they are often rated using different rating methods (i.e. separate methods for retail and corporate clients). The requirement to use the same approach should therefore only mean that a probability of default must be determined for the corresponding receivables, but it should be possible to determine homogeneity using different rating methods.

Q2: Do you agree with the proposed amendment in Article 1 to the “type of obligor” for credit facilities, including loans and leases, provided to any type of enterprise or corporation?

In the case of corporate exposures, it will in principle be possible to consider all exposures as a homogeneous portfolio. Only exposures to large corporates within the meaning of CRR III would be excluded from this (Article 2, paragraph 3(a) of the proposed new Delegated Regulation (EU) 2019/1851). The idea of creating a separate “large corporate” obligor type would not be beneficial in our view. Originators use different rating methods for receivables from companies and are not guided by the requirements of the CRR with regard to the turnover or the size of the company. In our opinion, therefore, an artificial demarcation along the lines of the CRR should be dispensed with when defining the homogeneity criteria.

Q3: Do you agree with the proposed amendment in Article 1 to the “type of obligor” for auto loans and leases?

Yes.