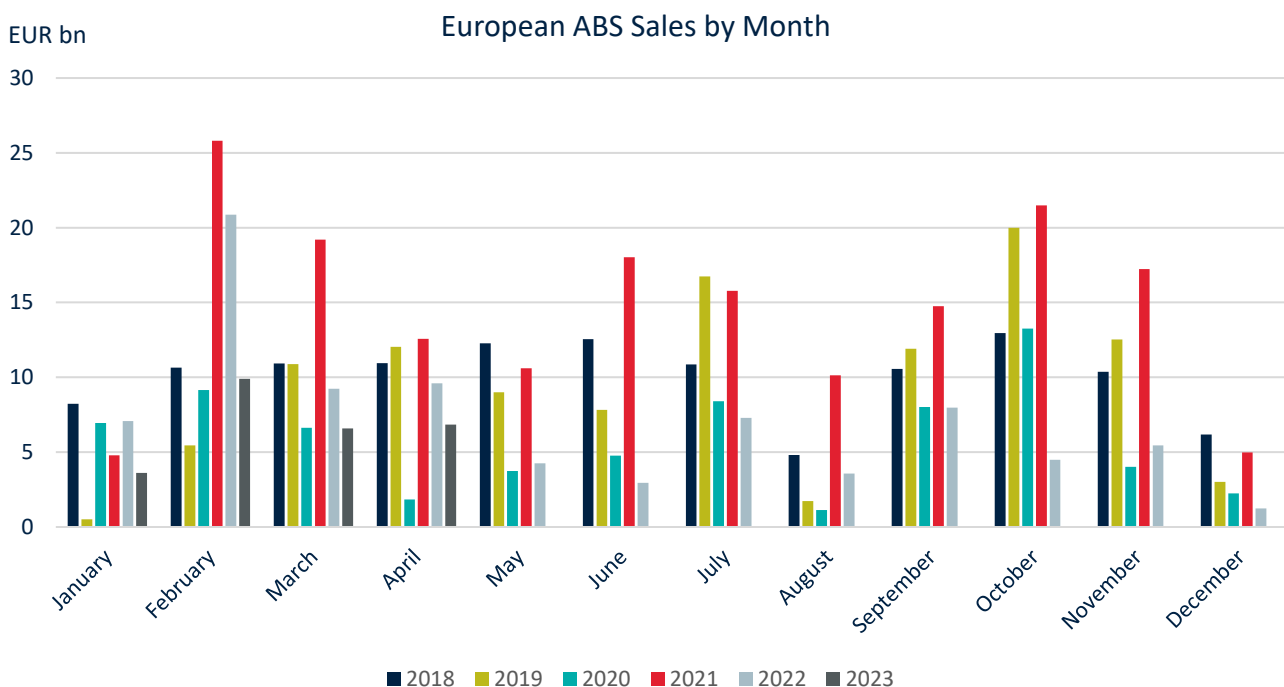


## European Structured Finance April 2023 in Review

- ❖ April issuance edges past March but falls short of EUR7bn
- ❖ Auto ABS and RMBS the busiest sectors with five deals each
- ❖ Three new CLOs priced, one manager returns to upsize
- ❖ Credit card, consumer loan and premium finance ABS add to variety

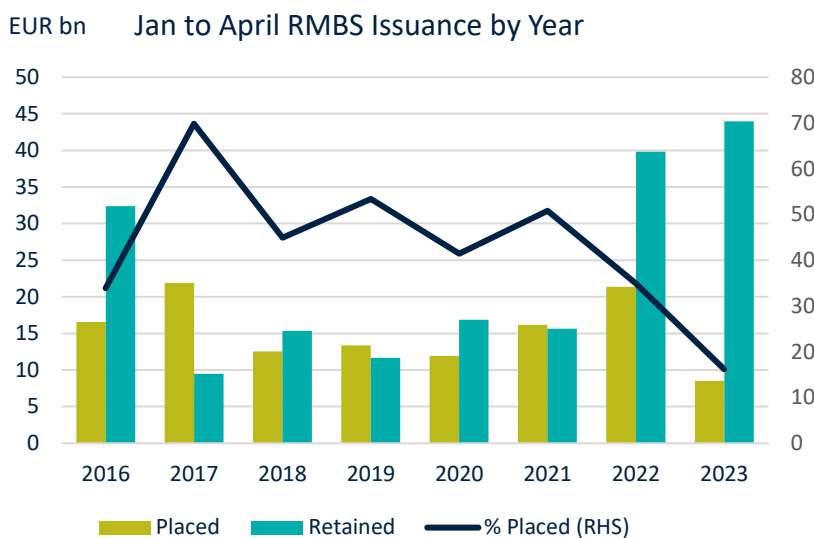
- April sales hit EUR6.8bn, edging past March but still below February. It could have been worse but for a busy post-Easter week. Of April's 16 placed deals there were five each in autos and RMBS, three in CLOs and one each in consumer loans, credit cards and premium financing.
- The auto market has made a rapid start to 2023. Placed volumes have pushed through the EUR8bn equivalent mark from 15 deals. Around 63% of the entire total for 2022 has been achieved just four months into this year.
- However, YTD RMBS volumes of EUR8.5bn equivalent make for a mediocre start to the year. In April 2022 ten deals raised over EUR4bn, as EUR21.5bn equivalent sold between January and April of 2022. In April 2023 only EUR2bn of RMBS was placed, but a huge EUR28bn retained.
- In CLOs three new issues priced for under EUR1.2bn amid a slowing of activity and widening of spreads. One of those deals was increased though, two weeks after its initial pricing. YTD issuance reached EUR7.9bn from 21 deals. In 2022 the total was EUR11.4bn from 27 deals.
- There was some variation on offer in April though as a UK credit card, a UK premium finance ABS and the partial reoffering of a French consumer loan ABS priced. One of the RMBS deals was a debut STS trade, and one auto was the first publicly marketed Triple A from the shelf.
- In broader developments, markets had settled after March's SVB/Credit Suisse volatility but there was further banking volatility towards the end of April, and the focus remained on inflation and rates, weakening growth outlooks and labour markets.



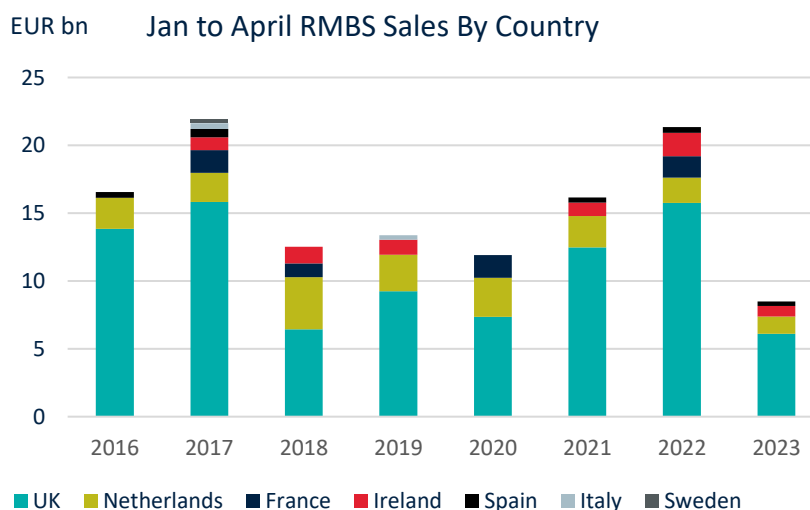
## Five RMBS Print But YTD Sales Markedly Lower

- ❖ Five more to RMBS tally but prime issuance slows
- ❖ UK sellers provide four deals, debut Irish STS transaction the fifth
- ❖ YTD retained issuance surges to EUR44bn

- Five RMBS were sold to investors in April for around EUR2bn equivalent. This followed five deals in March for EUR2.7bn. This fell drastically short of the EUR28bn retained in the region (fully retained deals or tranches retained from public issues). The retained total for the opening four months hit EUR44bn, with placed deals accounting for just 16%. YTD issuance is down 60% vs 2022 (EUR21.4b).
- There was just one prime STS deal in April as Dilosk issued its debut Irish RMBS in this format. The other four deals included a refinancing of legacy Northern Rock mortgages, a mixed first-lien BTL/second-lien owner occupied deal from West One Secured Loans and two 100% BTL deals from Lendco Limited and Paratus AMC.



- UK RMBS provided 75% of the supply in April, around EUR1.5bn equivalent, with the remainder being the single Irish transaction. UK issuers have dominated the RMBS market for several years, and 2023 is no different, accounting for 72% of supply YTD. Placed RMBS issuance is, however, significantly lower than previous years.



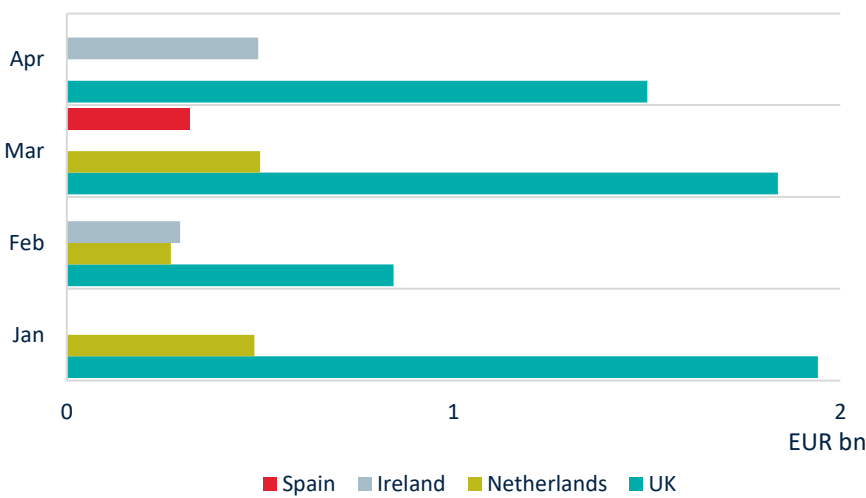
Source: IGM

## Just One More To STS Total

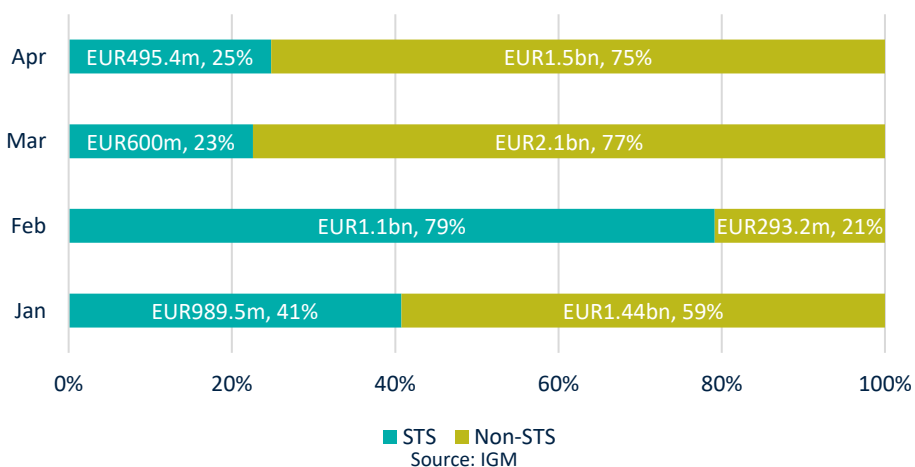
- ❖ Single STS RMBS in April as specialist sales lead again
- ❖ YTD RMBS in STS at 38% of total, down from 42% at end of Q1
- ❖ EUR2bn offered to investors in April

- There was just one STS RMBS in April, as Dilosk structured its first Irish transaction to comply with the label (around EUR495m). The other four deals were all UK specialist trades.
- Looking across the first four months of 2023, and EUR3.2bn of RMBS has come in STS format and EUR5.3bn in non-STS. The STS proportion of 38% is down from 42% at the end of Q1.
- The EUR2bn of notes placed in April was below the EUR2.7bn in March and EUR2.4bn in January, but above February's EUR1.4bn. Issuance has been limited to four countries so far this year; the UK, the Netherlands, Ireland and Spain.
- Looking ahead, and the performance of asset portfolios may come under scrutiny due to higher interest rates, cost of living crisis and any rise in unemployment. But there is little sign yet of major stress on RMBS portfolios and structural mechanisms offer some protection.

Jan to April RMBS By Month/Country



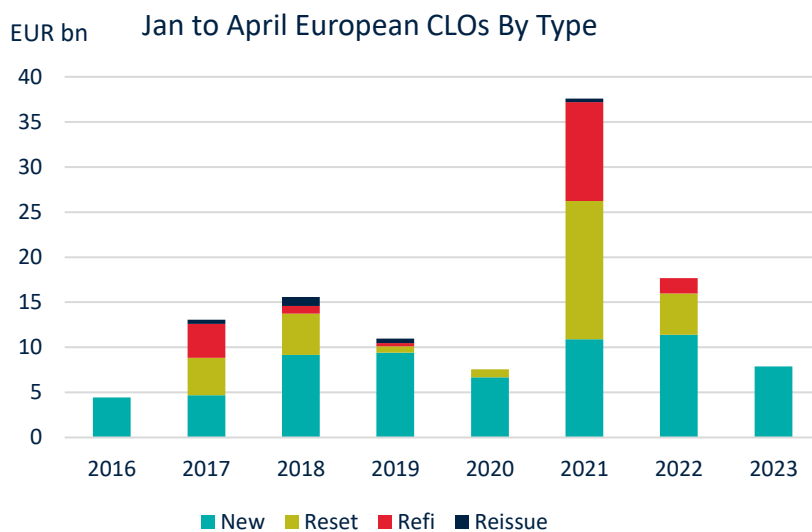
Jan to Apr RMBS STS vs non-STS By Month



## Three New CLOs, One Manager Upsizes

- ❖ Three new deals in April raise EUR1.2bn
- ❖ YTD supply down 36% on 2022 and 31% on 2021
- ❖ Monthly average Triple A spreads widest since January

- Three new CLOs priced in April for EUR1.2bn as AlbaCore Capital, CVC Credit Partners and BlackRock brought their latest deals. CVC even upsized, from EUR396.2m at original pricing on 6 April to EUR442.3m on 21 April. YTD issuance is at EUR7.9bn from 21 transactions, lagging the EUR11.4bn at the same stage in 2022 and the EUR10.9bn in 2021, but ahead of 2020.
- Spreads widened in April, which would have impacted decisions to sell transactions. At the same time leveraged loan prices recovered slightly. Two of the new deals had Triple As at 3mE+190bp and the third at 185bp, versus the 175-180bp prints in March. Average Triple A spreads had seen four months of gradual tightening between December and March.



- Average CE edged up to 39.33% in April from 39.31% while slightly longer non-call and reinvestment periods were recorded. The following tables excludes static deals.

Month	EUR avg(m)	AAA avg	NC avg	RP avg	AAA CE avg
Apr-22	404.48	113.75bp	1.46y	3.6y	38.75%
May-22	398.03	115.8bp	1.48y	3.72y	39.63%
Jun-22	344.8	140bp	2y	5y	40.50%
Jul-22	375.68	184.57bp	1.4y	3.5y	41.32%
Aug-22	386.6	193.17bp	1.53y	3.35y	40.69%
Sep-22	367.6	196.4bp	1.32y	3.12y	39.75%
Oct-22	325.13	205.2bp	1.2y	2.13y	40.27%
Nov-22	396.38	218.3bp	1.7y	4.08y	41.47%
Dec-22	370.34	213.3bp	1.8y	3y	39.60%
Jan-23	343.4	191.67	1.47y	4.53y	40.39%
Feb-23	376.89	179.33bp	1.73y	4.5y	39.14%
Mar-23	378.1	177bp	1.52y	3.94y	39.31%
Apr-23	394.1	188.3bp	1.6y	4.2y	39.33%

Source: IGM

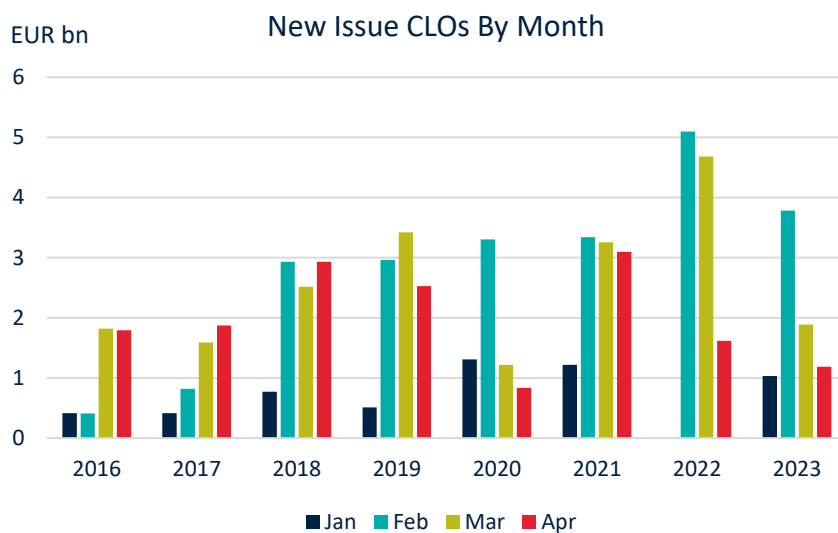
## Triple A Prints In Middle Of YTD Range

- ❖ Latest Triple A prints sit in middle of YTD range
- ❖ Spread variation over first four months biggest since Covid
- ❖ Sales record two straight months of decline

- April's new issue Triple A CLOs spreads A (average 3mE+188.3bp) remained in the middle of the YTD range, where deals have printed between 165bp and 220bp. This range of 55bp over the first four months of the year is higher than previous years except 2020, when the initial phase of the Covid pandemic rocked the markets.
- Over the first four months of 2020 some 136bp separated the tightest and widest Triple A spreads (3mE+89bp and 225bp). In the other years, the differential ranged from 11bp to 33bp between the highs and lows.



- February's tally of EUR3.8bn compared well with previous years, as the chart below shows, but issuance in March and April has lagged considerably, slowing to EUR1.6bn and then EUR1.2bn with portfolio managers not fully recovering from market developments.

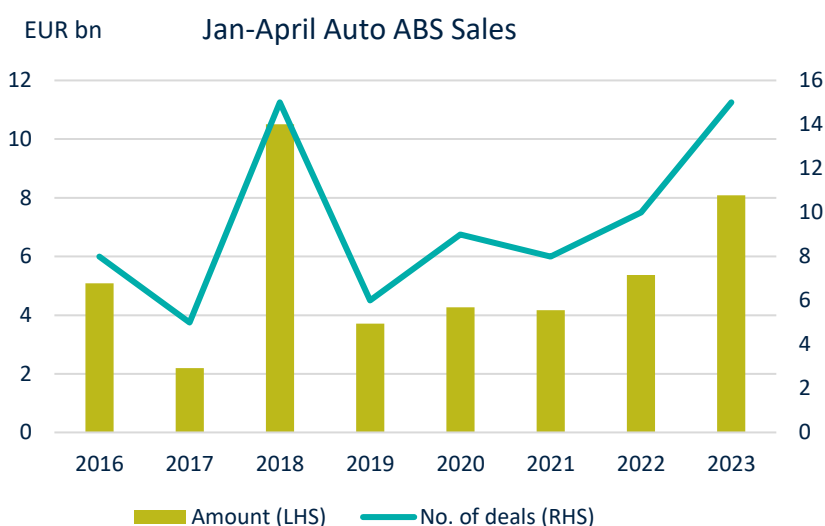


Source: IGM

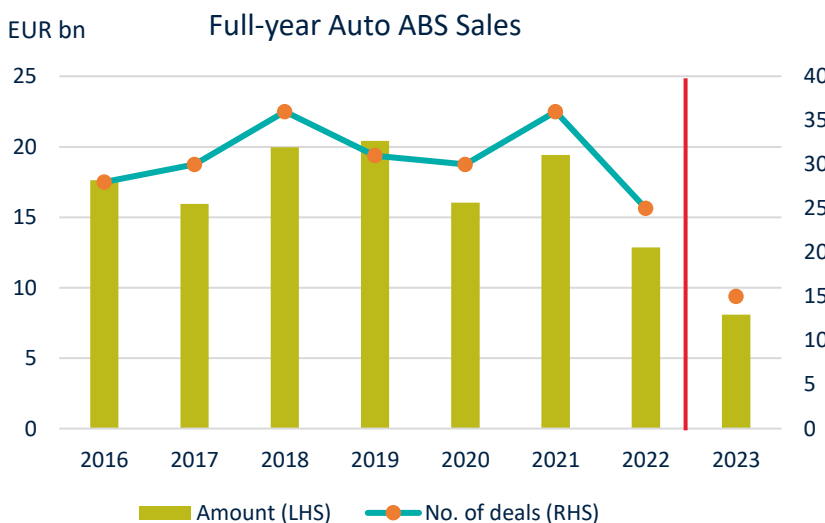
## Rapid Start For Auto ABS

- ❖ Issuers from four countries provide five deals in April
- ❖ Year-to-date issuance tops EUR8bn mark, up 50% versus 2022
- ❖ Market on track to match, or beat, recent full-year issuance highs

- April was busy for auto ABS as EUR2.4bn was placed from five deals priced, with four countries represented. Two deals came from Germany and one each from Finland, the Netherlands and the UK. It was a clean sweep for the STS format as all five deals were structured to comply with the requirements.
- Year-to-date placed auto ABS issuance has exceeded EUR8bn from 15 transactions, which is considerably higher than in recent years. Sales are up around EUR2.7bn, or about 50%, versus the equivalent period in 2022.
- Issuance over the first four months of 2023 has already reached 63% of that achieved in the whole of 2022. April's five deals followed three in March, six in February and one in January.



- In recent years auto ABS issuance has topped out around the EUR20bn equivalent mark. Supply in 2023 is well on its way to achieving that if the current pace is maintained and barring any other unforeseen, market-interrupting events.



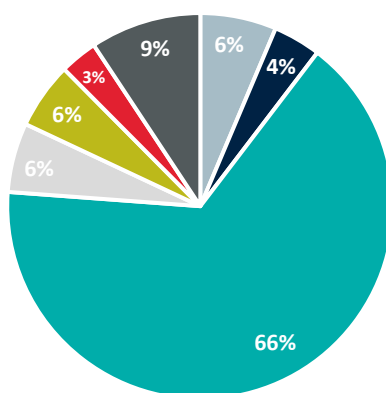
Source: IGM

## German Sellers Lead Auto Market

- ❖ Germany issuers provide two-thirds of sales, top EUR1bn in three of four months YTD
- ❖ Seven countries represented in 15 deals issued YTD

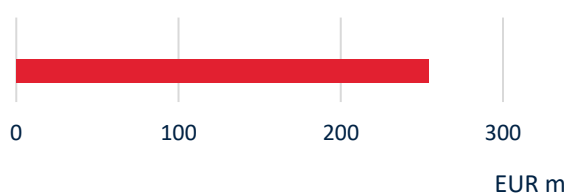
- German issuers maintained their lead in the auto ABS market, accounting for 66% of the ~EUR8bn placed, with EUR5.3bn. In second place sits the UK, way back with 9% or just over EUR750m equivalent.
- In total seven countries have been represented in the 15 deals sold to investors. Germany is the only one from which more than EUR1bn has been sold, which was achieved in each of the months of February, March and April.

YTD Auto ABS by Country



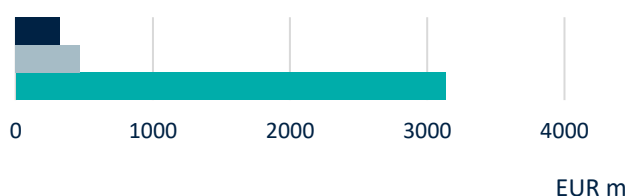
Finland France Germany Italy Netherlands Switzerland UK

January 2023



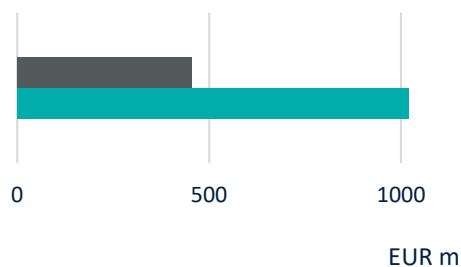
Switzerland

February 2023



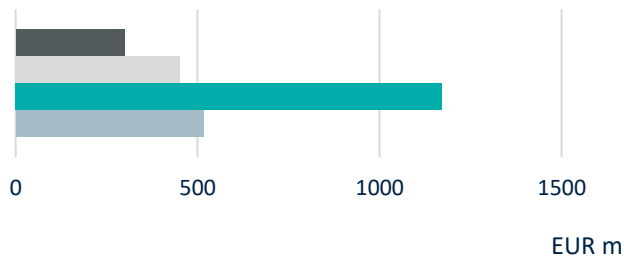
France Italy Germany

March 2023



UK Germany

April 2023



UK Netherlands Germany Finland

Source: IGM

## European SF Volume Report Appendix

- [European Structured Finance Volume Report – Q1 2023](#)
- [European Structured Finance Volume Report – February 2023](#)
- [European Structured Finance Volume Report – January 2023](#)
- [European Structured Finance Volume Report – Full Year 2022](#)
- [European Structured Finance Volume Report – November 2022](#)
- [European Structured Finance Volume Report – October 2022](#)
- [European Structured Finance Volume Report – Q3 2022](#)
- [European Structured Finance Volume Report - August 2022](#)
- [European Structured Finance Volume Report – July 2022](#)
- [European Structured Finance Volume Report – H1 2022](#)
- [European Structured Finance Volume Report – May 2022](#)
- [European Structured Finance Volume Report – April 2022](#)
- [European Structured Finance Volume Report – Q1 2022](#)
- [European Structured Finance Volume Report – February 2022](#)