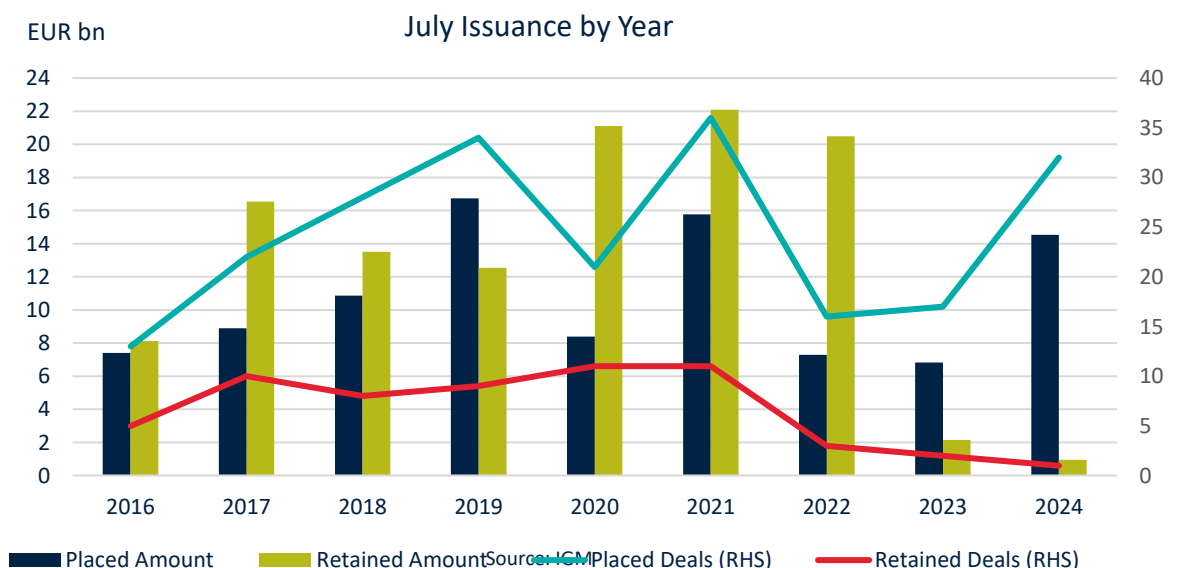


European Structured Finance July 2024 in Review

- ❖ Mixed data releases, headline events and shifting rate assessments
- ❖ July placed issuance up 25% on June at EUR14.5bn
- ❖ New issue CLOs and RMBS provide over EUR9bn of supply
- ❖ Autos and consumer paper complete list

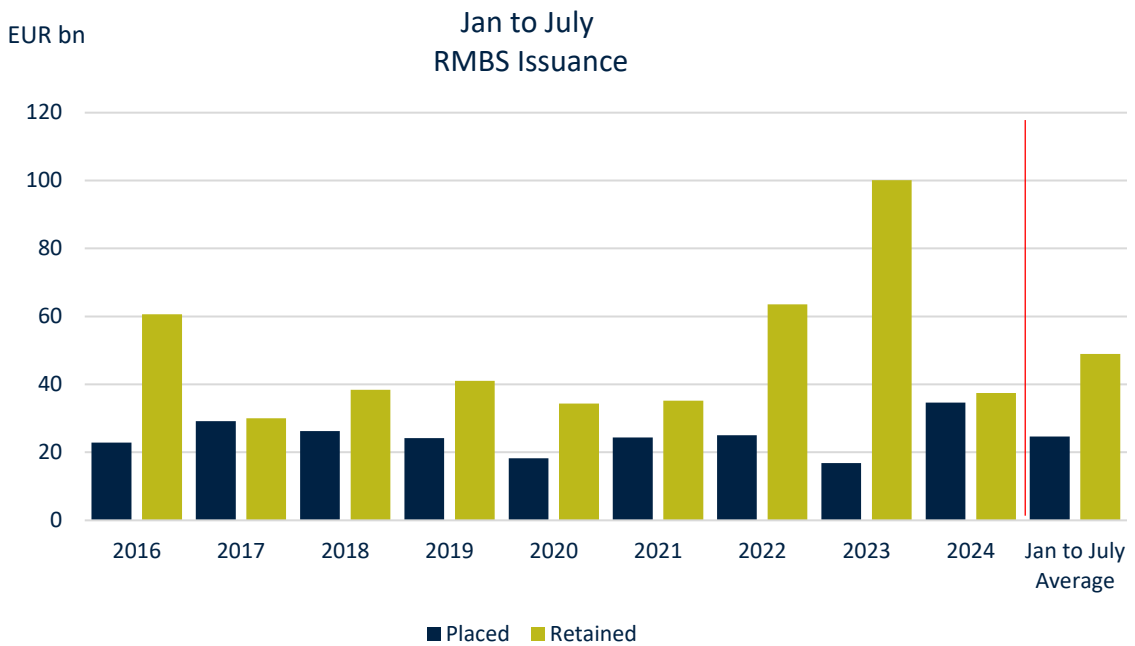
- There was plenty more to keep market participants busy outside of primary market activity in July. The ECB kept rates unchanged as expected, as did the Fed, while markets have fully priced in reductions at the central banks' next meetings in September.
- Inflation reports were mixed too, as UK inflation was expected to fall slightly but remained at 2% while US CPI was lower than forecast at 3%. Euro area inflation, meanwhile, rose to 2.6%. GDP updates generally beat forecasts, as shown by the US and EU in Q2, and the UK.
- There was also the UK election to contend with, as well as the assassination attempt on Donald Trump and President Biden's decision to step down from pursuing another term in the Oval Office. These events, though notable, passed without major impact on financial markets.
- July closed with about EUR14.5bn equivalent of bonds placed, across 32 deals. This made July the fourth busiest month in terms of volumes, but third when measured by deal count.
- CLOs dominated with 22 of the 32 transactions, split between 12 new issues (including the biggest post-crisis deal, and the tightest Triple A YTD) nine resets and one refinancing. There were six RMBS sales. Three came in the UK, with one prime deal and two BTL. There were two Irish refinancings of legacy portfolios and a Dutch BTL. The remaining four deals were split between a UK consumer loan ABS, two German auto ABS and a German consumer loan ABS.
- July issuance was up around 25% on the EUR11.6bn in June, but some way below the ~EUR27bn recorded in May. Placed issuance has exceeded EUR10bn for six consecutive months, after January closed with around EUR9bn. In 2023, a EUR10bn+ month was only achieved twice, in September and October, and just once in 2022. In 2021, EUR10bn or more was placed ten months in a row (February to November).



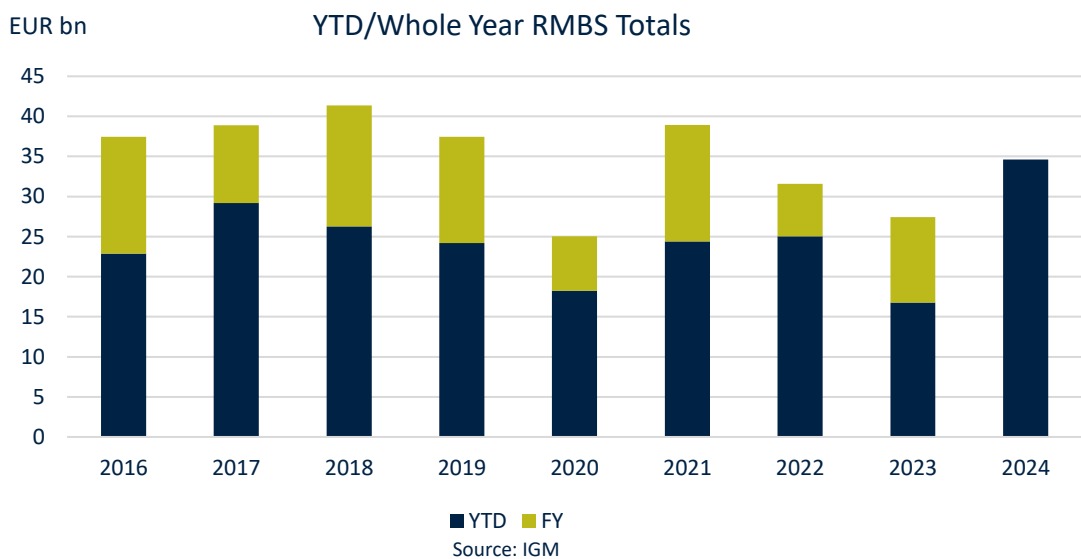
RMBS Sales Surge

- ❖ Six deals placed in July, raising EUR4bn
- ❖ YTD issuance of EUR34.6bn up 106% on 2023
- ❖ January to July volume already exceeds full year totals of 2020, 2023 and 2023

- Six RMBS were sold to investors in July, with around EUR4bn placed either via full marketing or preplacement. This was double the EUR2bn from July 2023, and took the YTD placed total to EUR34.6bn equivalent, which is up 106% on the EUR16.8bn seen in the same period in 2023. In fact, YTD sales are the highest for several years while the level of deal retention is lower than in several recent years. 2023 was an outlier, with EUR100bn retained in the first seven months of the year.



- The chart below also shows the extent to which 2024 has outpaced previous years, where issuance is already above whole year tallies of 2020, 2022 and 2023. The recent peak was in 2018 when EUR41.4bn was placed, which means only EUR7bn more is needed to beat that. In 2016-2023, placed RMBS issuance averaged EUR11.4bn between August and December. Should that be repeated 2024 could end with EUR45bn or more.

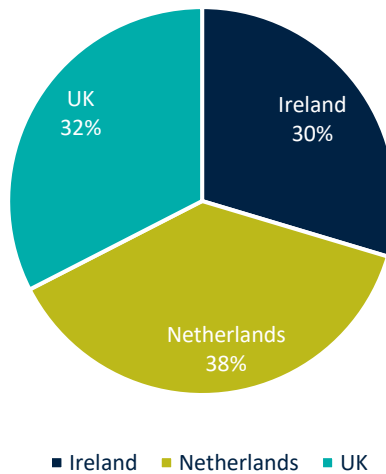


Netherlands Leads July RMBS, UK Tops YTD

- ❖ Netherlands tops July volume, UK leads YTD placement stats
- ❖ Six RMBS in the month across prime, BTL and legacy portfolios
- ❖ Five countries represented YTD

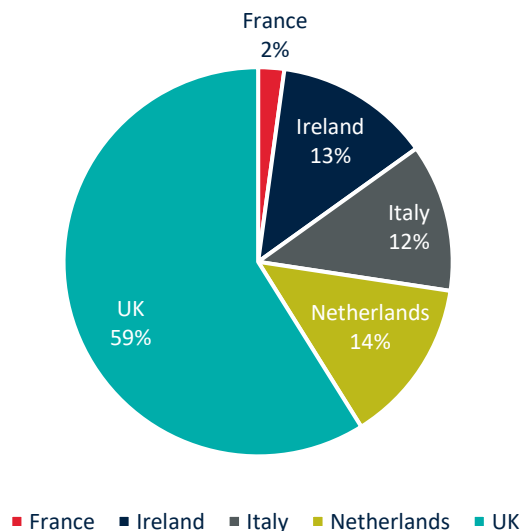
- July’s RMBS included three UK deals, two Irish and one Dutch. The UK trades featured a prime owner-occupied portfolio from Coventry Building Society, and BTL offerings from Quantum Mortgages Limited (debut) and Capital Home Loans, which had been acquired by Chetwood Financial. The Irish trades refinanced legacy portfolios and priced from the Merrion Square and Jamestown Residential shelves. The final deal was RNHB’s mixed pool Dutch BTL.
- The Dutch deal, for around EUR1.5bn, accounted for 38% of the volume, followed by the UK with around GBP1.3bn equivalent (32%) and Ireland with EUR1.2bn (30%) in July.

July RMBS Issuance by Country



- The UK leads the way YTD, with around 59% (EUR20.4bn equivalent). The Netherlands is second with about EUR4.8bn, Ireland third with EUR4.5bn, Italy fourth with EUR4.3bn (although from one preplaced deal) and France is in fifth with EUR750m.

YTD RMBS Issuance by Country

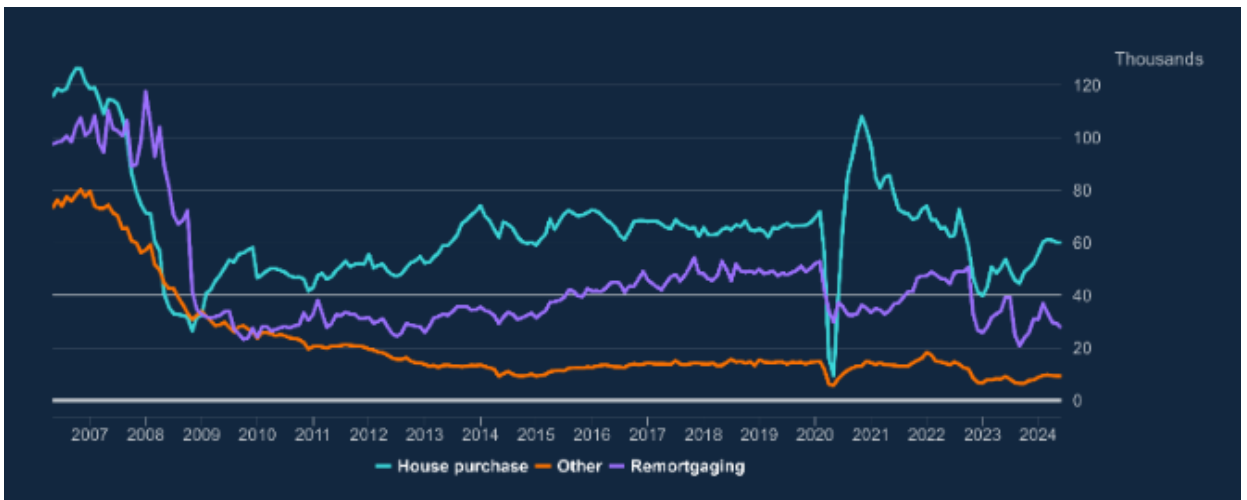


Source: IGM

UK Mortgage Approvals Ease, Euro Area Demand Up

- ❖ UK mortgage approvals edge lower in Q2 following Q1 increase
- ❖ Euro area housing loan demand rises for first time in two years
- ❖ Brighter housing market prospects support German demand

- The housing markets in the UK and EU have proved relatively stable against the backdrop of higher rates. Differing mortgage products mean some sectors are more exposed than others (such as shorter-term fixed rates in the UK) but there has not been a spike in defaults.
- UK mortgage approvals rose in Q1 but in Q2 declined gradually. H1 2024 approvals were around 8% below the pre-pandemic H1 2019. How this develops in the coming months remains to be seen, but with house prices steady and rate cuts expected, it could support the housing market and provide more collateral for RMBS issuers.



Source: Bank of England

- Euro area mortgage loan demand rose for the first time since Q2 2022 but fell short of banks' expectations again. Germany led the increase, with a brighter outlook for housing market prospects the driving factor. French and Italian demand, however, fell.

Changes in demand for loans to households for house purchase, and contributing factors

(net percentages of banks reporting an increase in demand, and contributing factors)

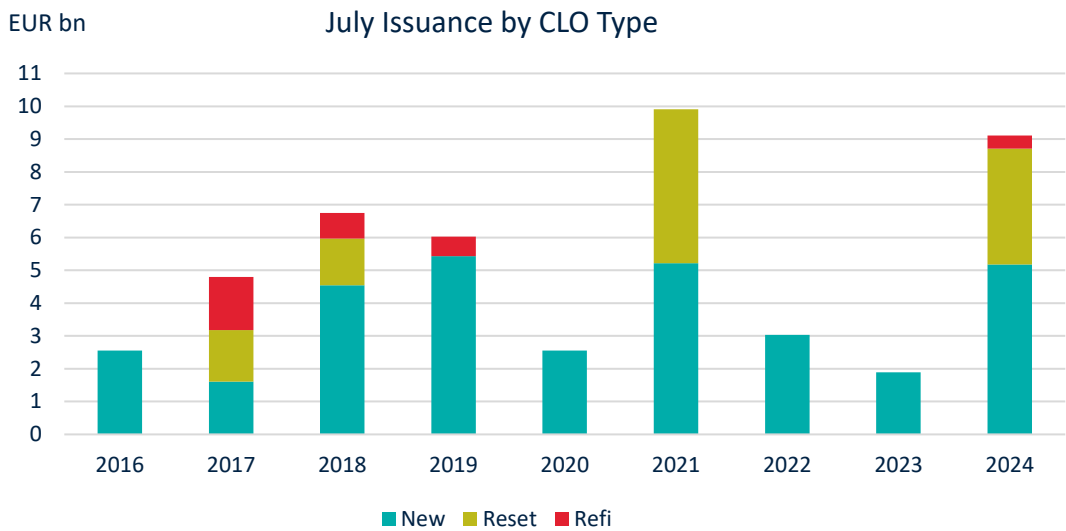


Source: ECB

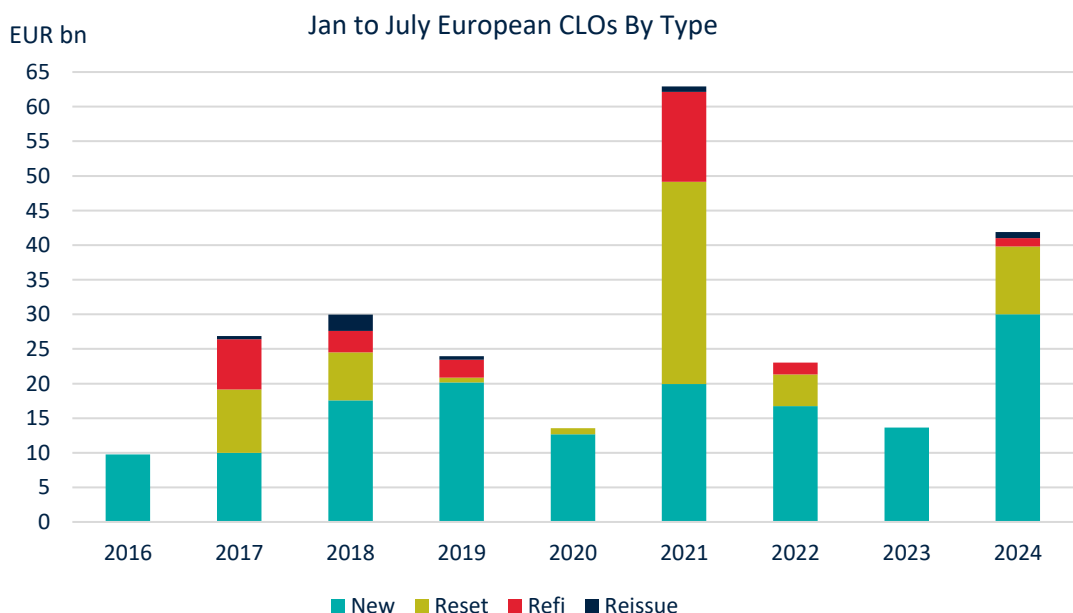
CLOs Race to EUR30bn

- ❖ 12 more new issue CLOs for EUR5.2bn in July push YTD total to EUR30bn
- ❖ Next target is 2021 record tally
- ❖ Reset pace picks up with EUR3.5bn printing

- 12 new CLOs priced in July for EUR5.2bn to take YTD supply through the EUR30bn mark. This was the third EUR5bn+ month this year, with March at EUR5bn (12 deals) and May with EUR5.9bn (14 issues) being the others. July 2024 issuance was up 173% on the EUR1.9bn registered in July 2023. However, in recent years the busiest July was in 2019 when EUR5.4bn printed. There were also EUR3.5bn of resets in July 2024 and EUR403m of refinancing.



- July's supply raised the YTD total to EUR30bn from 71 deals. This is higher than the full-year totals for all recent years except 2021, the post-crisis record year when EUR38.6bn was issued. YTD issuance is, however, up 50% on the equivalent period in 2021 when EUR20bn priced. Repricing has been busier too, with EUR9.8bn of resets, EUR1.2bn of refinancing and EUR904m of re-issues. That is still way below the 2021 volumes though, when EUR43bn was repriced across EUR29.2bn of resets, EUR13m of refinancing and EUR767m of re-issuance.

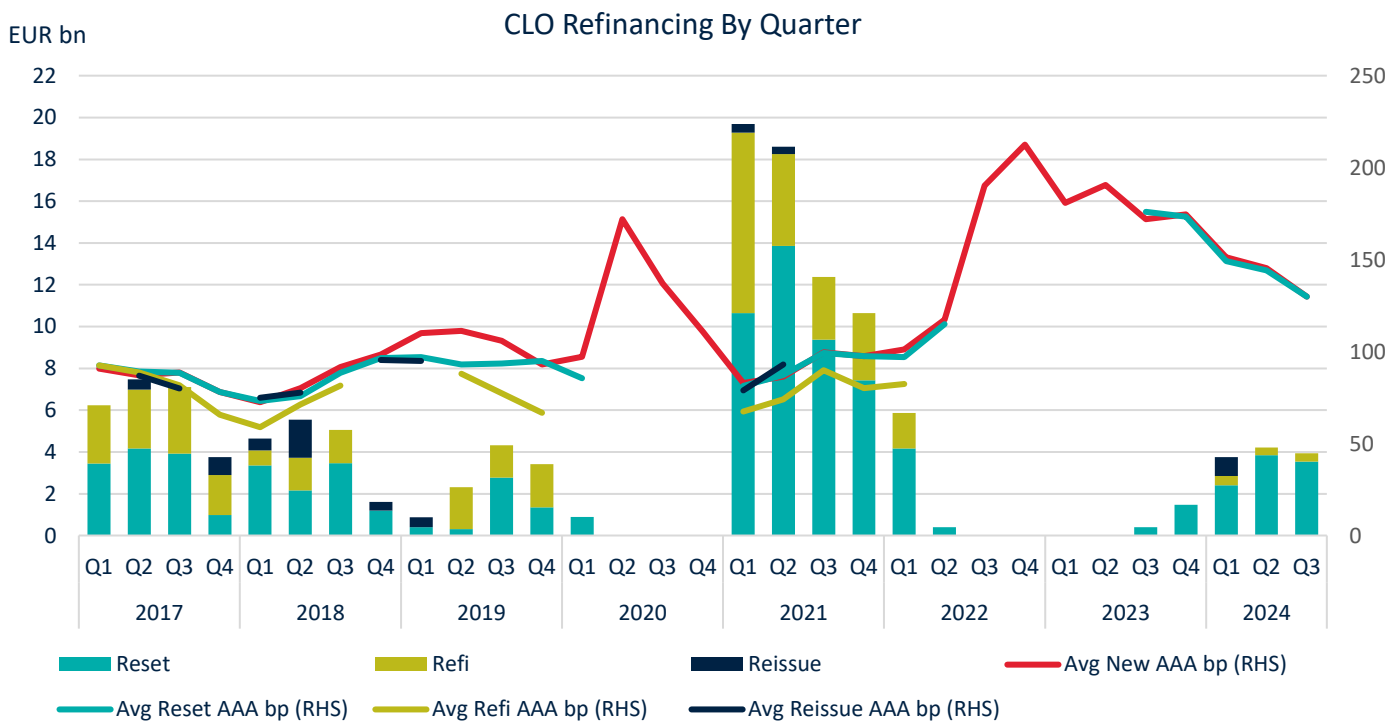


Source: IGM

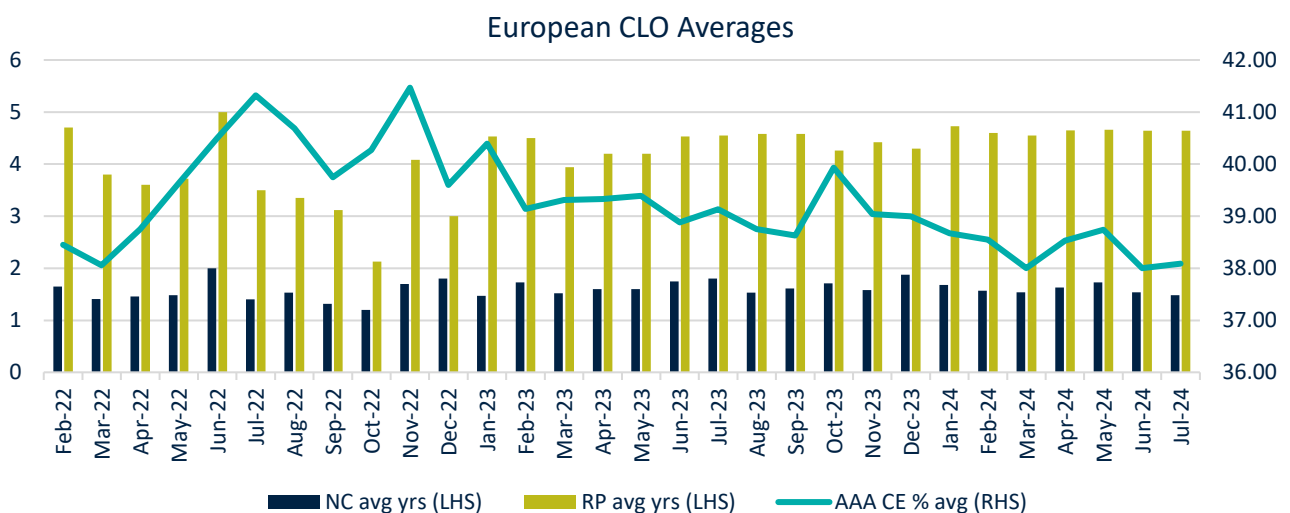
CLO Spread Tightening Trend Continues

- ❖ Spreads at narrowest level for over two years
- ❖ July repricings accelerate to EUR4bn
- ❖ Portfolio managers stick with favoured format

- The spread tightening trend that began for new issues in early 2023 (average Triple A quarterly peak was over 212bp in Q4 2022) enabled a tentative restoration of the repricing strategy in Q3/Q4 2023. This gathered pace in 2024 as the chart below shows. In 2024, reset Triple As averaged 151bp in Q1, 146bp in Q2 and dropped to 130bp this July.



- Portfolio managers have generally favoured 1.5-year non-call and ~4.5-year reinvestment periods. Triple A par subordination, meanwhile, stayed around 38%. Of the 71 new deals YTD 68 had a reinvestment period, and 59 of those have been around 4.5-years. The reset are about 5-years. For non-call periods, 54 of the 68 deals were around 1.5-years, 2 were around 1.75-years and 12 were about 2-years. The three static deals had 1-year non-call periods.



Source: IGM

Biggest And The Tightest

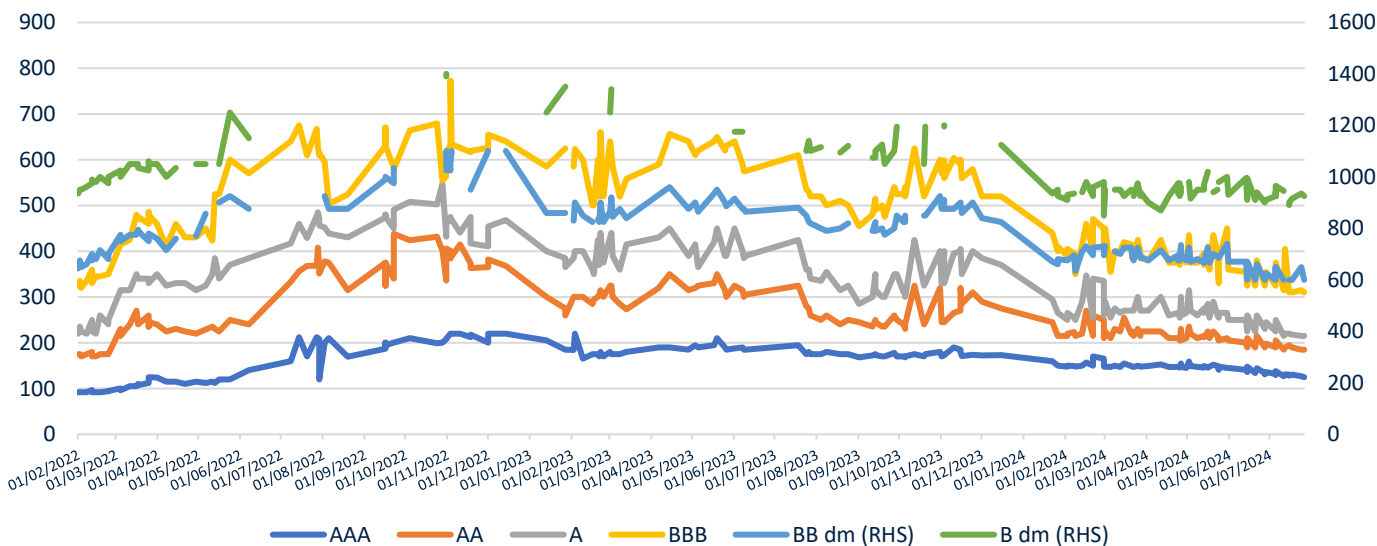
- ❖ Palmer Square prints biggest new issue post-crisis
- ❖ KKR pulls Triple A spread to YTD tight at 125bp

- July's CLO supply included a couple of milestones. The biggest post-crisis transaction came from Palmer Square Capital Management for EUR631.2m. There have been nine deals launched YTD at EUR500m or bigger, the top 20 are as follows:

Date	Deal	Manager	Total EUR
16/04/2024	Palmer Square European Loan Funding 2024-2	Palmer Square Europe Capital Management	631,200,000
02/11/2017	Dryden 56 Euro CLO 2017	PGIM	616,950,000
11/04/2024	Canyon Euro CLO 2023-1	Canyon CLO Advisors	564,500,000
26/04/2016	Elm Park CLO	Blackstone	558,180,000
15/04/2021	Madison Park Euro Funding XVI	CSAM	548,000,000
01/06/2018	Cadogan Square CLO XI	CSAM	534,200,000
14/12/2016	Cairn CLO VII	Cairn Loan Investment	521,420,000
20/05/2019	Madison Park Euro Funding XIV	CSAM	520,700,000
27/03/2024	OCP Euro CLO 2024-9	Onex Credit Partners	515,400,000
01/02/2019	Crosthwaite Park CLO	Blackstone	513,000,000
14/02/2022	Sound Point Euro CLO VIII Funding	Sound Point CLO C-MOA	513,000,000
02/05/2024	Monument CLO 1	Serone Capital Loan Management Limited	512,750,000
15/11/2021	Ares European CLO XV	Ares Management	511,050,000
31/05/2024	Harvest CLO XXXII	KKR Credit Advisors	510,850,000
05/02/2018	Barings Euro CLO 2018-1	Barings (UK) Limited	509,250,000
19/04/2018	Avoca CLO XVIII	KKR Credit Advisors	509,150,000
25/01/2019	Cadogan Square CLO XIII	CSAM	509,000,000
02/08/2018	Cadogan Square CLO XII	CSAM	508,500,000
11/02/2022	RRE 11 Loan Management	Redding Ridge Asset Management (UK) LLP	508,200,000
08/10/2021	RRE 10 Loan Management	Redding Ridge Asset Management (UK) LLP	508,050,000

- KKR Credit Advisors achieved the tightest Triple A spread of the year at 125bp. This was the tightest pricing (for a reinvestment deal) since Providus CLO VII priced in June 2022 at 120bp. For periods in 2022 and 2023 no junior tranche DMs were disclosed.

New Issue CLO Spreads (bp)

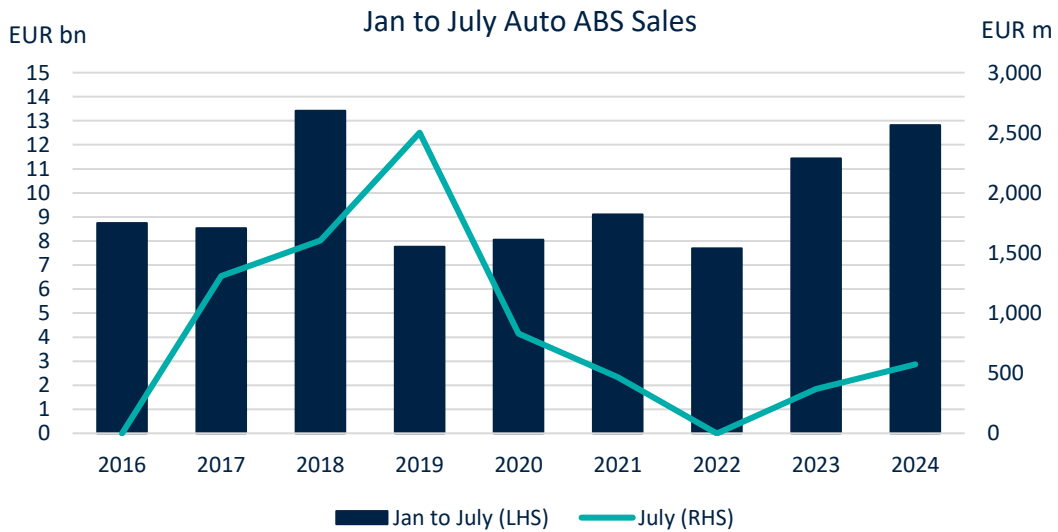


Source: IGM

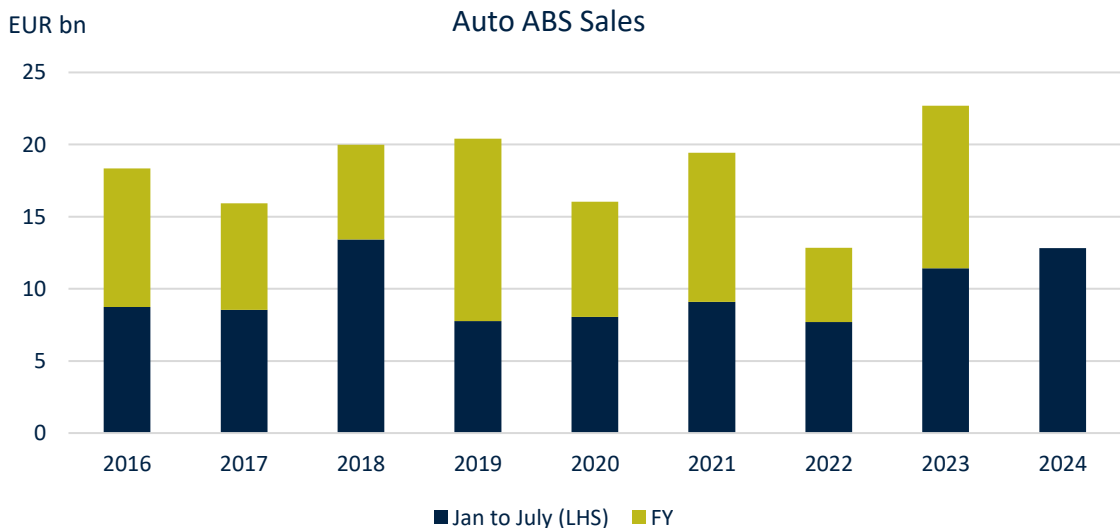
Quiet Month For Autos But YTD Supply Up

- ❖ Just two deals in July raise EUR575m, but still an improvement on July 2023
- ❖ YTD volumes up 12% on 2023
- ❖ EUR10bn more needed for 2024 to overtake 2023

- Auto ABS sales were a modest EUR575m in July across two deals, although that was sufficient to post a 56% increase on July 2023, when just EUR369m was placed from a solitary deal (even that was a partial reoffering of a previously retained deal). YTD supply now stands at EUR12.8bn, up 12% on the EUR11.4bn recorded in the previous year.
- For 2024 final year volumes to overtake 2023's EUR22.7bn, EUR10bn is needed in the remaining five months. Last year EUR11.25bn was sold in that period which, if matched, would take FY 2024 auto sales to EUR24bn. Between 2016 and 2023, the August to December average volume was EUR8.9bn. That would leave 2024 around EUR1bn short of 2023.



- YTD sales are outperforming most recent years, trailing only 2018 when EUR13.4bn was sold. However, in that year the final five months were not as productive. Just EUR6.6bn printed over the remainder of 2018, as final year sales coasted to EUR20bn.



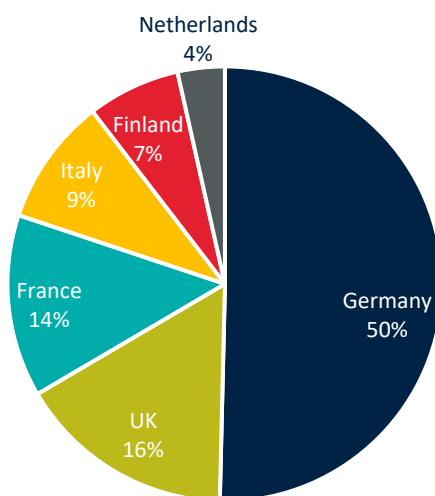
Source: IGM

Germany Accounts For Half Of Supply

- ❖ German deals raise around EUR6.5bn of placed bond YTD
- ❖ New car registrations improve in H1 2024, but still below pre-pandemic levels

- July's two deals were backed by German collateral, taking this jurisdiction's YTD volume to around EUR6.5bn, or just over 50% of the running total. The UK is in second place with about EUR2bn equivalent (16%), France is third with EUR1.7bn (14%), Italy fourth with EUR1.2bn (9%), Finland fifth with EUR886m (7%) and the Netherland sixth with EUR450m (4%).

YTD Auto ABS by Country



Source: IGM

- In each of the main auto markets in the Europe new car registrations posted reasonable increases in H1 2024 versus H1 2023. Germany, France, Italy and Spain recorded gains of between 2.8% and 5.9%, while the UK market grew 6%. However, volumes remain below pre-pandemic levels (-18% in the EU and -20.7% in the UK).

H1 New Car Registrations



Source: UK data – SMMT/EU - ACEA

European SF Volume Report Appendix

- [European Structured Finance Volume Report – H1 2024](#)
- [European Structured Finance Volume Report – May 2024](#)
- [European Structured Finance Volume Report – April 2024](#)
- [European Structured Finance Volume Report – Q1 2024](#)
- [European Structured Finance Volume Report – February 2024](#)
- [European Structured Finance Volume Report – January 2024](#)
- [European Structured Finance Volume Report – Full Year 2023](#)
- [European Structured Finance Volume Report – November 2023](#)
- [European Structured Finance Volume Report – October 2023](#)
- [European Structured Finance Volume Report – Q3 2023](#)
- [European Structured Finance Volume Report – August 2023](#)
- [European Structured Finance Volume Report – July 2023](#)
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- [European Structured Finance Volume Report – May 2023](#)