

**Anlage zu den Anwendungsbeispielen des Fachgremiums „Offenlegungsanforderungen“**

**Tabelle 8 „Securitisations“**

# **Basel II Disclosure Requirements Use Cases for Asset Securitisation (ABS)**

Frankfurt a. M., June 2005



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- ▶ **Overall ABS Disclosure Requirements**
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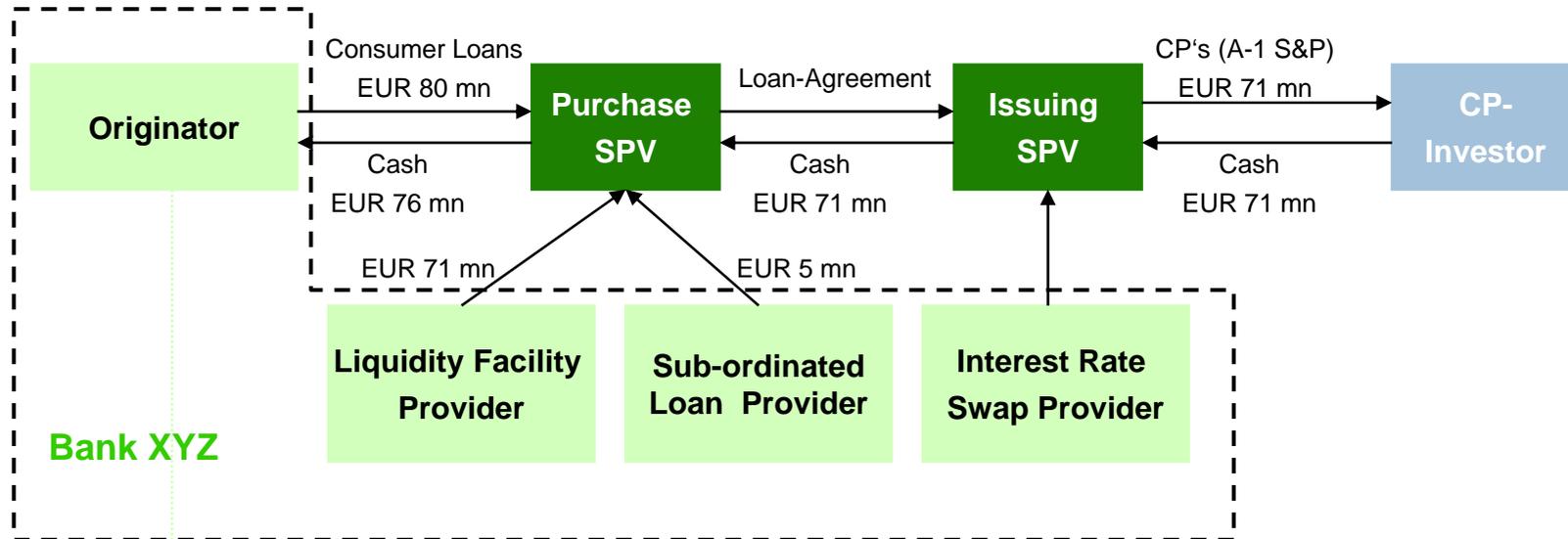
## Table 8 (Securitisation) – Qualitative Disclosure Requirements

- a) **General disclosure requirements** with regard to securitisation:
- Banks objectives regarding securitisation activities (incl. extent of credit risk transfer)
  - Roles played by the banks in the securitisation process and indication of the extent to the bank's involvement in each of them
  - Regulatory capital approach bank is using for securitisation exposure (e.g. RBA, SFA, IAA)
- b) Detailed **accounting information** regarding securitisation activities:
- Treatment as sale or financing
  - Recognition of gain on sale
  - Key assumptions for valuing retained interests (incl. significant changes and their impact)
  - Treatment of synthetic securitisations, if not covered by other accounting policies (e.g. on derivatives)
- c) Names of **ECAIs** used for securitisations and types of securitisation exposure for which each agency is used

## Table 8 (Securitisation) – Quantitative Disclosure Requirements

- d) The total outstanding exposures securitised by the bank and subject to the securitisation framework (broken down into traditional/synthetic), by exposure type
- e) For exposures securitised by the bank and subject to the securitisation framework (by exposure type):
  - amount of impaired/past due assets securitised; and
  - losses recognised by the bank during the current period
- f) Aggregate amount of securitisation exposures retained or purchased broken down by exposure type
- g) Aggregate amount of securitisation exposures retained or purchased and the associated IRB capital charges broken down into a meaningful number of risk weight bands. Exposures that have been deducted should be disclosed separately by type of underlying asset
- h) For securitisations subject to the early amortisation treatment:
  - The aggregate drawn exposures attributed to the seller's and investors' interests,
  - The aggregate IRB capital charges incurred by the bank against its retained (i.e. the seller's) shares of the drawn balances and un-drawn lines; and
  - the aggregate IRB capital charges incurred by the bank against the investor's shares of drawn balances and undrawn lines
- i) Banks using the standardised approach are also subject to disclosures (g) and (h), but should use the capital charges for the standardised approach
- j) Summary of current year's securitisation activity, including the amount of exposures securitised (by exposure type), and recognised gain or loss on sale by asset type

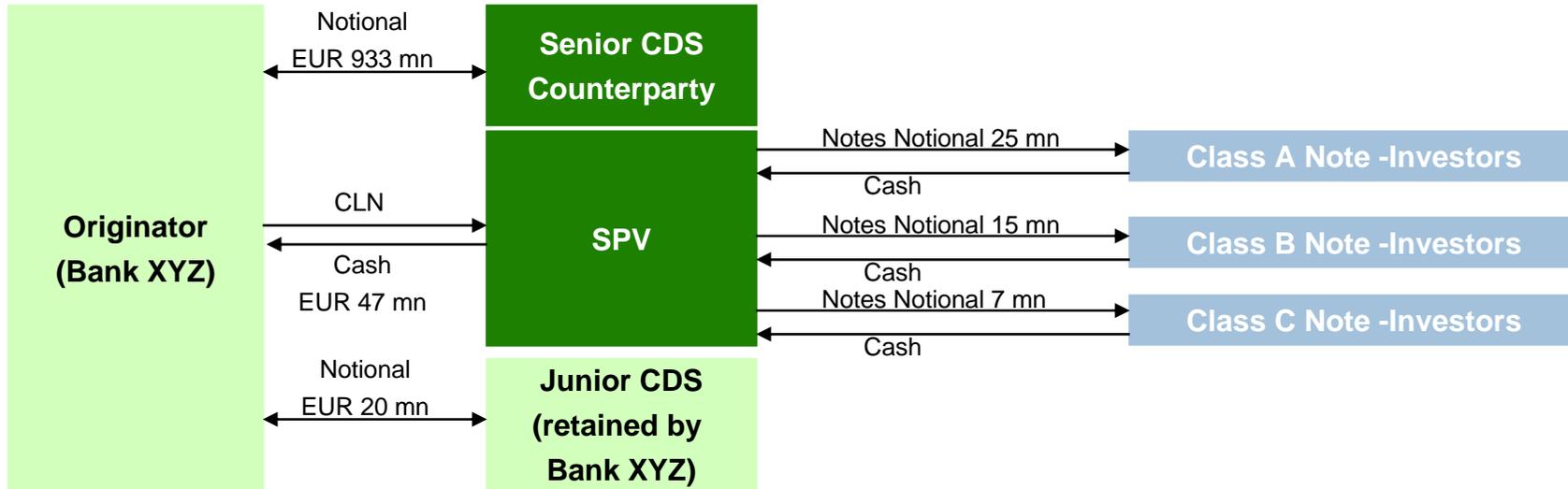
# Example I: Traditional Securitisation (ABCP)



| Exposures securitised |                |
|-----------------------|----------------|
| Notional Amount       | EUR 80 mn      |
| Asset type            | Consumer Loans |
| Loss on Sale          | EUR 4 mn       |

| Bank XYZ Securitisation Exposure |                 |                       |             |
|----------------------------------|-----------------|-----------------------|-------------|
| Exposure Type                    | Exposure Amount | ABS IRB approach      | Risk Weight |
|                                  | in EUR mn       |                       | in %        |
| Interest Rate Swap               | 5               | RBA (inferred rating) | 7%          |
| Liquidity Facility               | 71              | IAA                   | 7%          |
| Sub-ordinated Loan               | 5               | SFA                   | 350%        |

# Example II: Synthetic Securitisation (Originator)

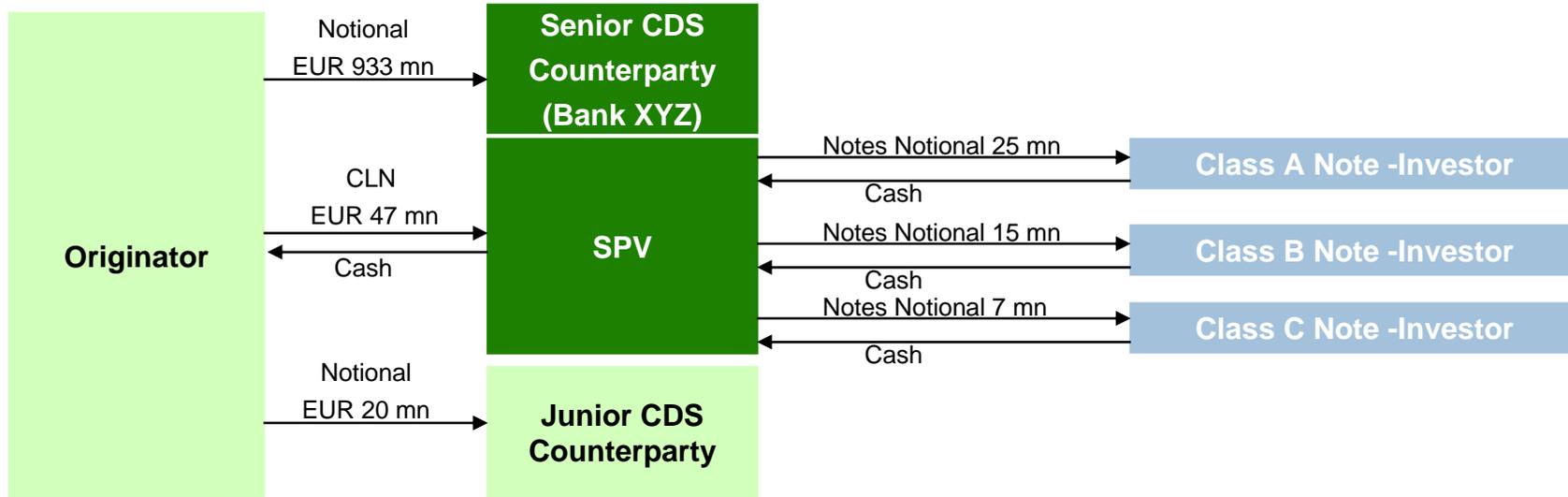


| Exposures securitised |                |              |
|-----------------------|----------------|--------------|
| Notional Amount       |                | EUR 1.000 mn |
| Asset type            | Mortgages      | EUR 500 mn   |
|                       | Consumer Loans | EUR 500 mn   |

| Bank XYZ Securitisation Exposure |                 |                  |             |
|----------------------------------|-----------------|------------------|-------------|
| Exposure Type                    | Exposure Amount | ABS IRB approach | Risk Weight |
|                                  | in EUR mn       |                  | in %        |
| Junior CDS                       | 20              | SFA              | 1250%       |

RWA or Capital Deductions (50% Tier I / 50% Tier II)

# Example III: Synthetic Securitisation (Investor)



| Exposures securitised |                |              |
|-----------------------|----------------|--------------|
| Notional Amount       |                | EUR 1.000 mn |
| Asset type            | Mortgages      | EUR 500 mn   |
|                       | Consumer Loans | EUR 500 mn   |

| Bank XYZ Securitisation Exposure |                 |                  |             |
|----------------------------------|-----------------|------------------|-------------|
| Exposure Type                    | Exposure Amount | ABS IRB approach | Risk Weight |
|                                  | in EUR mn       |                  | in %        |
| Senior CDS                       | 933             | SFA              | 9%          |

## Table 8 (Securitisation) – Quantitative Disclosure

### A) Detailed information on securitised assets

- ▶ New order of disclosure requirements reflects our suggestion to consolidate disclosure with regard to **A) securitised assets** and **B) securitisation exposures**
- ▶ Banking book transactions only

  splitting by this criteria is required, but specific granularity is discretionary  
  disclosure details required in this specific granularity

#### (d) Total outstanding exposures securitised by *type of transaction* and *exposure type*\*

| Exposures in mn EUR** | Consumer Loans | Auto Lease | Mortgages | Other | Sum   |
|-----------------------|----------------|------------|-----------|-------|-------|
| Traditional           | 80             |            |           |       | 80    |
| Synthetic             | 500            |            | 500       |       | 1.000 |
| Sum                   | 580            | 0          | 500       | 0     | 1.080 |

#### (e) Detailed *accounting information* for exposures securitised by *exposure type*\*

| in mn EUR   | Consumer Loans | Auto Lease | Mortgages | Other | Sum |
|---|----------------|------------|-----------|-------|-----|
| Amount of impaired/past due assets securitised          |                |            |           |       |     |
| Losses recognised by the bank during the current period | 4              |            |           |       | 4   |

\* Only relevant for transactions, where the bank is Originator; the term “*exposure type*” should be replaced by the term “*asset type*”

\*\* EAD acc. to STA/IRB rules

## Table 8 (Securitisation) – Quantitative Disclosure

### A) Detailed information on securitised assets

#### (h) Securitisations subject to the early amortisation treatment by underlying asset type:

| in mn EUR  | Retail<br>committed | Retail<br>uncommitted | Non-retail<br>committed | Non-retail<br>uncommitted | Total |
|--|---------------------|-----------------------|-------------------------|---------------------------|-------|
| <b>Originators/Sellers Interest</b>                |                     |                       |                         |                           |       |
| - Aggregate Drawn Exposures                        |                     |                       |                         |                           |       |
| - Capital Charge*<br>(Drawn and Undrawn Exposures) |                     |                       |                         |                           |       |
| <b>Investors Interest</b>                          |                     |                       |                         |                           |       |
| - Aggregate Drawn Exposures                        |                     |                       |                         |                           |       |
| - Capital Charge*<br>(Drawn and Undrawn Exposures) |                     |                       |                         |                           |       |

\* acc. to STA and/or IRB rules

- ▶ In contrast to (d) and (e) a different interpretation of “asset type” is required: Early Am treatment differs for retail and non-retail credit lines as well as committed and uncommitted exposures
- ▶ Disclosure requirements with regard to the Originators Interest must not overlap with the general Credit Risk Framework disclosure. Originators interest “shall not be considered as a securitisation position”. This part of the underlying portfolio should be handled as if it has not been securitised
- ▶ A single exposure view is not possible, since a specific portion of the capital requirements (e.g. 40%) of the underlying portfolio ( $K_{IRB}$ ) still constitutes Originators Interest. Thus, a disclosure on portfolio-level within the securitisation disclosure section seems reasonable

## Table 8 (Securitisation) – Quantitative Disclosure

### A) Detailed information on securitised assets

(j) Summary of current year's securitisation activity, including the amount of exposures securitised (by exposure type), and recognised gains or losses on sale by asset type

| in mn EUR               | Consumer Loans | Auto Lease | Mortgages | Other | Sum   |
|-------------------------|----------------|------------|-----------|-------|-------|
| Securitised Exposures * | 580            |            | 500       |       | 1.080 |
| Gains/Losses            | 4              |            |           |       | 4     |

\* EAD acc. to STA/IRB rules

- ▶ Only relevant for transactions, where the bank is Originator
- ▶ Current year's perspective requires continuous tracking in the case of replenishment structures

## Table 8 (Securitisation) – Quantitative Disclosure

### B) Detailed information on securitisation exposures

(f) **Aggregate exposure amounts** for securitisation exposures retained or purchased by *exposure types* in mn EUR

| On-Balance-Sheet Items  | Exposure Amount<br>in mn EUR |
|---|------------------------------|
| <b>Loans</b><br>(e.g. draws on liquidity facilities, subordinated loans)  | 5                            |
| <b>Credit Enhancements</b><br>(e.g. Cash Collateral)  |                              |
| <b>Investments in ABS</b><br>(including on-balance-sheet items resulting from synthetic transactions, e.g. CLN) |                              |
| <b>Sum On-Balance-Sheet Items</b>   | 5                            |

| Off-Balance-Sheet Items   | Exposure Amount<br>in mn EUR |
|---|------------------------------|
| <b>Liquidity Facilities</b>   | 71                           |
| <b>Derivatives</b><br>(e.g. Interest Rate Swaps, FX-Swaps)  | 5                            |
| <b>Off-Balance-Sheet Items resulting from synthetic transactions</b><br>(e.g. Protections provider in Super Senior CDS) | 933+20                       |
| <b>Other Off-Balance-Sheet Items</b><br>(e.g. letter of credit)   |                              |
| <b>Sum Off-Balance-Sheet Items</b>  | 1.029                        |

- ▶ Granularity of On-Balance-Sheet / Off-Balance-Sheet items is fully discretionary
- ▶ Regulatory ABS risk exposures only (e.g. in contrast to loss on sale equivalent to regulatory First Loss Piece of 4 mn EUR discount)

*Exposure amount* defined acc. to general Basel II specification (STA/IRB differences to be considered):

- On-balance-sheet items: amount legally owed
- Off-balance-sheet items (except derivatives): committed but un-drawn amount multiplied with CCF
- Market Risk Derivatives: credit equivalent amount
- Credit Derivatives: notional / nominal amount

## Table 8 (Securitisation) – Quantitative Disclosure

### B) Detailed information on securitisation exposures

(g) Detailed information on securitisation exposures retained or purchased and associated capital charges by *risk weight bands*

| in mn EUR                  | ≤20%     | > 20% ≤ 100% | > 100% ≤ 500% | > 500% ≤ 1250% | 1250% | Total |
|----------------------------|----------|--------------|---------------|----------------|-------|-------|
| Exposure Amounts (STA/IRB) | 933+71+5 |              | 5             |                | 20    | 1.034 |
| Capital Charges (STA/IRB)  | 7        |              | 1             |                | 20    | 28    |

*plus classification of securitisation exposures that were deducted by type of underlying asset*

- ▶ A consolidated disclosure of deduction positions irrespective of underlying asset type within risk weight band “1.250%” is suggested