



Special Purpose Entities (SPEs)¹ Statistics Q4 2018

- **Total assets of Irish-resident SPEs increased by €16.6bn to €726.8bn in Q4 2018.** New vehicles securitising a wide range of assets are driving this longer-term growth trend.
- **Within Irish-resident Securitisation SPEs, or Financial Vehicle Corporations (FVCs), total assets increased by €14.1bn, to €446.6bn in Q4 2018.** This growth was led by the “Other” category*, which increased by €18.3bn to €150.4bn.
- **Within Non-Securitisation Irish-resident SPEs, or Other SPEs, total assets increased by €2.5bn to €280.2bn in Q4 2018.** This growth was led by the “Other” category*, which increased by €3.7bn to €10.9bn.

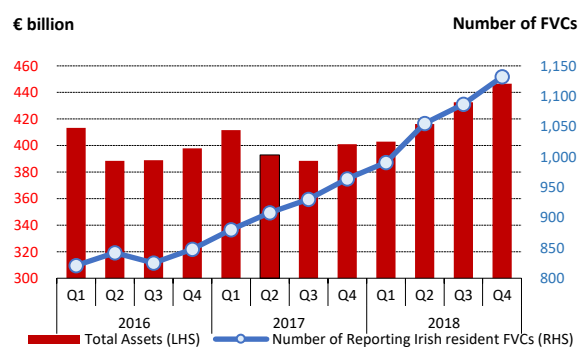
¹ Definition of a SPE, a FVC, other SPEs and a sponsor can be found on page 5, in Notes.

* Other category represents a diverse range of activities.

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Irish-resident SPEs total assets increased 2.3 per cent from €710.2bn to €726.8bn in Q4 2018. New vehicles engaging in a wide range of activities are driving this longer-term growth trend.

Chart 1: Total Assets and Number of FVCs

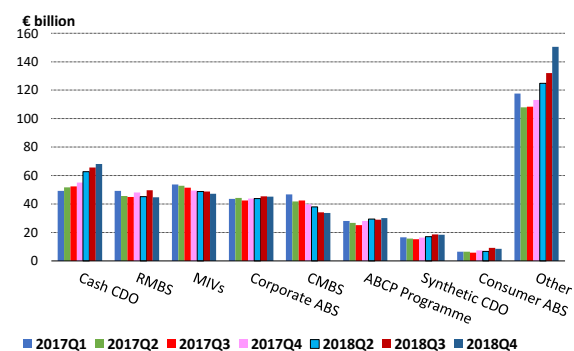


The increase in new net vehicles in the FVC reporting population was higher than in previous quarters. Overall, 45 new vehicles supported a 3.3 per cent increase in total assets from €432.5bn to €446.6bn (Chart 1).

This growth was led by the “Other” category, a diverse range of activities, which increased by €18.3bn to €150.4bn, indicating continued diversification in activity types (Chart 2). Growth mainly consisted of investment in UK and European assets. The cash CDOs category continued its growth trend rising by €2.6bn to €68.2bn and asset backed commercial paper issuers grew by €1.2bn to €30.2bn. The remaining categories saw asset decreases, especially RMBS which declined

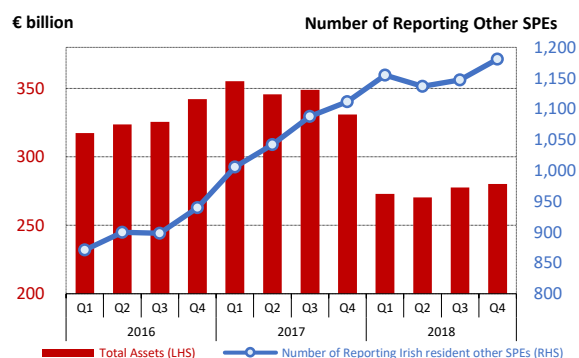
by €4.8bn to €44.7bn and Multi Issuance Vehicles down by €1.5bn to €47.2bn.

Chart 2: FVC Activity Types (total assets)



The number of Other SPEs reached a record high of 1,181 vehicles, boosted by 33 new net vehicles in the fourth quarter.. Overall, total assets grew by 0.9 per cent from €277.7bn to €280.2bn (Chart 3).

Chart 3: Total Assets and Number of Other SPEs

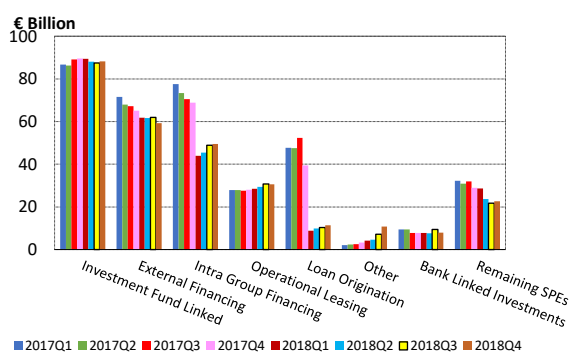


Within Other SPEs, the four biggest activities represent 81 per cent of the sector, namely investment fund linked, external financing, intergroup financing, and operational leasing. Growth was led by the “Other” category, a diverse range of activities, which rose by €3.7bn to €10.9bn – where growth mainly consisted of increased investment in

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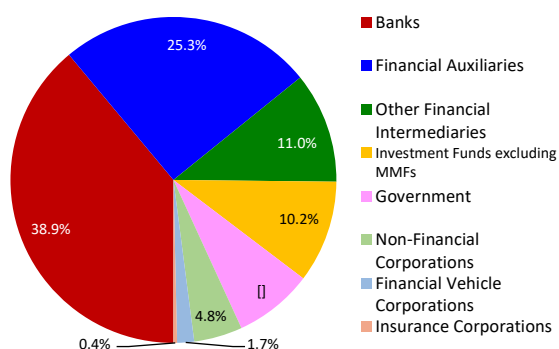
European assets – and loan origination grew by €1.0bn to €11.3bn. Investment fund linked vehicles saw an uptick of €0.8bn to €88.2bn, after two quarters of marginal decline. On the other hand, external financing vehicles' assets fell by €2.7bn to €59.3bn, and bank linked investments declined by €1.4bn to €8.0bn (Chart 4).

Chart 4: Other SPE Activity Types (total assets)



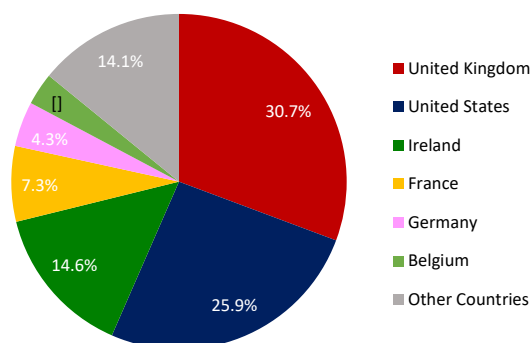
The diversity of FVC sponsors by sector remains a feature of the data (Chart 5). Non-bank financial institutions share of total assets continues to rise whilst bank sponsor share dropped to 38.9 per cent from 40.0 per cent.

Chart 5: FVCs by Sector of Sponsor, Q4 2018



FVC sponsors tend to be UK, US and EU banks and other financial institutions. FVCs sponsored by UK and US institutions account for the majority of the population (Chart 6). Their combined share grew to 56.6 per cent from 55.8 per cent. The share of Irish-resident sponsors decreased to 14.6 per cent from 16.0 per cent, with overall assets of Irish sponsored FVCs amounting to €65.2bn, as a result of reduced assets in existing vehicles. Irish sponsors are mostly domestically-focused banks issuing debt backed by residential mortgages.

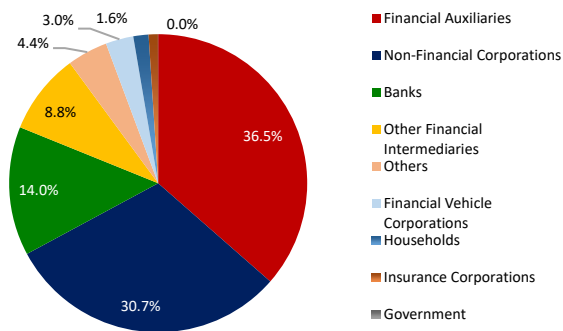
Chart 6: FVCs by Country of Sponsor, Q4 2018



Similar to FVCs, Other SPEs saw non-bank sponsored vehicles accounting for a greater share of assets. Vehicles sponsored by Other Financial Institutions saw their assets grow by €5.0bn, leading their share to rise to 8.8 per cent from 8.2 per cent. Bank sponsored Other SPEs saw the largest decline in their assets, amounting to €4.6bn. Accordingly, their share of total assets dropped to 14.0% from 15.7% in the previous quarter (Chart 7).

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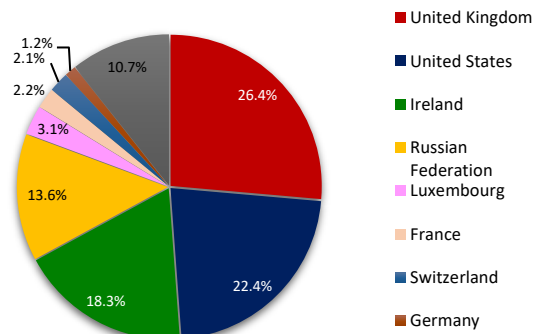
Chart 7: Other SPEs by Sector of Sponsor, Q4 2018



The total assets of Other SPEs for the top four sponsor countries was relatively unchanged at 80.7 per cent in Q4 2018 (Chart 8). Nevertheless, during the quarter, vehicles sponsored by US entities saw their assets grow by €3.4bn to €62.8bn, leading their share to rise to 22.4 per cent from 21.4 per cent. Vehicles sponsored by Russia entities saw their assets decrease by €3.5bn to €38.0bn, reducing their share to 13.6 per cent from 15.0 per cent in the previous quarter. The UK share dipped very marginally by €0.3bn to €73.9bn, a 0.3 per cent decline in their share to 26.4 per cent. The Irish-resident share rose to 18.3 per cent from 17.7

per cent, reflecting an increase of €2bn in assets to €51.2bn.

Chart 8: Other SPEs by Country of Sponsor, Q4 2018



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Appendix Notes

These data was collected under the requirements of Regulation (EC) No. 24/2009 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30), which was passed on 19 December 2008, obliging financial vehicle corporations to report quarterly balance sheets. Reporting is obligatory for all financial vehicle corporations resident in Ireland.

The full data series for Ireland is available on the Central Bank of Ireland website [here](#) and euro area statistics are available from the ECB website [here](#).

A Special Purpose Entity (SPE) is a legal entity created to fulfil narrow, specific or temporary objectives.

Financial vehicle corporations (FVCs) are undertakings which are constituted pursuant to National or Community Law and whose principal activity meets both of the following criteria:

- to carry out securitisation transactions which are insulated from the risk of bankruptcy or any other default of the originator;
- to issue securities, securitisation fund units, other debt instruments and/or financial derivatives, and/or to legally or economically own assets underlying the issue of securities, securitisation fund

units, other debt instruments and/or financial derivatives that are offered for sale to the public or sold on the basis of private placements.

Securitisation refers to a transaction or scheme whereby: (i) an asset or pool of assets is transferred to an entity that is separate from the originator and is created for or serves the purpose of the securitisation; and/or (ii) the credit risk of an asset or pool of assets, or part thereof, is transferred to the investors in the securities, securitisation fund units, other debt instruments and/or financial derivatives issued by an entity that is separate from the originator and is created for or serves the purpose of the securitisation.

Other Special Purpose Entities (Other SPEs) are vehicles not engaged in securitisation.

The Sponsor refers to the entity on whose behalf the FVC was established. This usually the ultimate beneficial owner. However, where an investment fund sets up a vehicle to hold assets, the investment manager would be considered the sponsor. In insurance-linked securitisations, the ceding reinsurer would be considered the sponsor. The term 'Sponsor' does not refer to a charitable trust that owns shares of the FVC in an orphan vehicle structure.

Further information

Queries to: Central Bank, Press Office at media@centralbank.ie or (01) 224 6299.