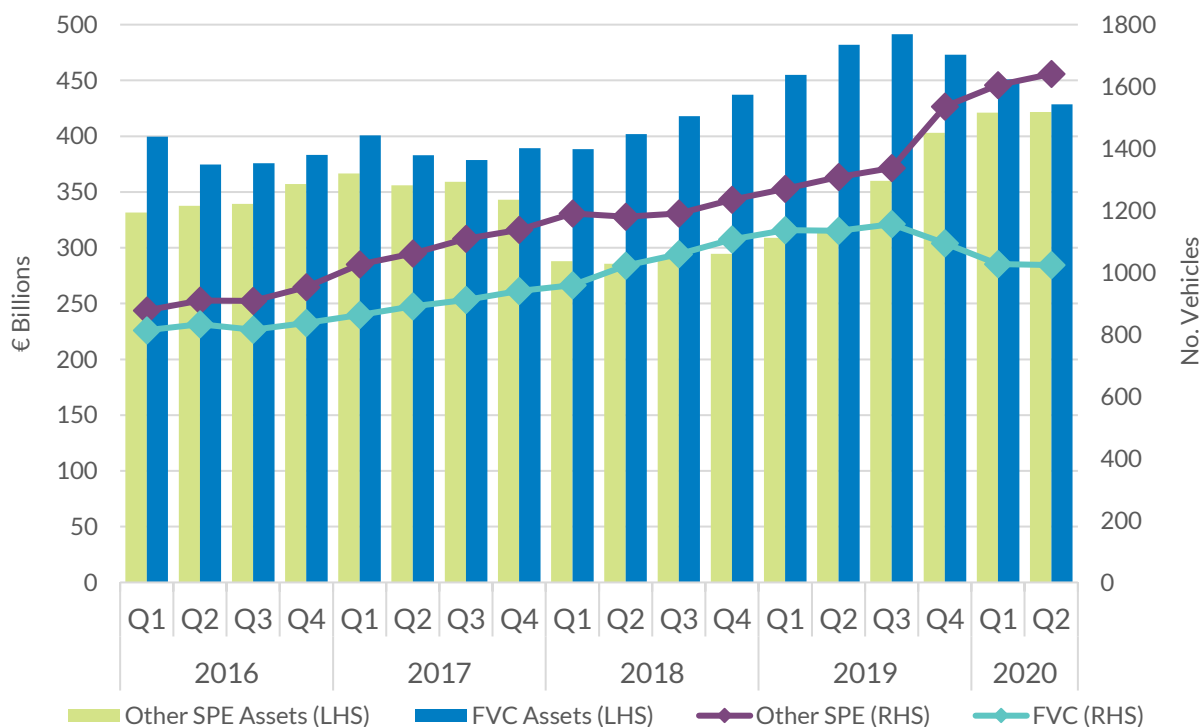




Chart 1: Total Assets and Number of SPEs

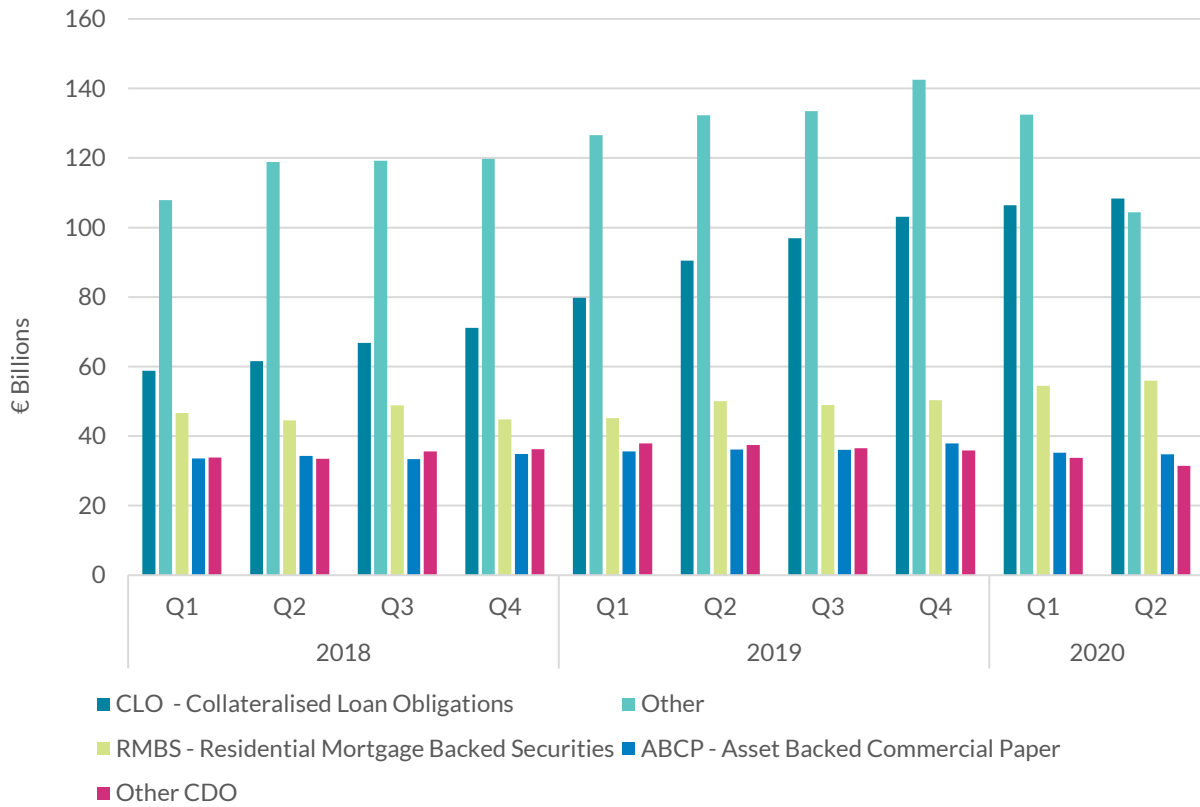


- **Total assets of Irish-resident Special Purpose Entities (SPEs) fell by €21.6bn to €850.5bn in Q2 2020¹.** The number of SPEs rose by 33 to 2,665.
- **This decrease was driven by Irish-resident Securitisation SPEs, or Financial Vehicle Corporations (FVCs), whose total assets decreased by €22.4bn, to €428bn.** This is the largest decrease in total assets experienced by FVCs since Q2 2016, and is primarily due to the de-registration of a large state-sponsored resolution vehicle.
- **Other SPEs experienced a minimal increase of €0.7bn in total assets, bringing the total to €421.8bn in Q2 2020.** Investment Fund-linked vehicles saw the largest increase in assets (€2.4bn) while bank linked investments saw the largest decrease (€2.3).

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



Chart 2: Top 5 FVC Activity Types (Total Assets)

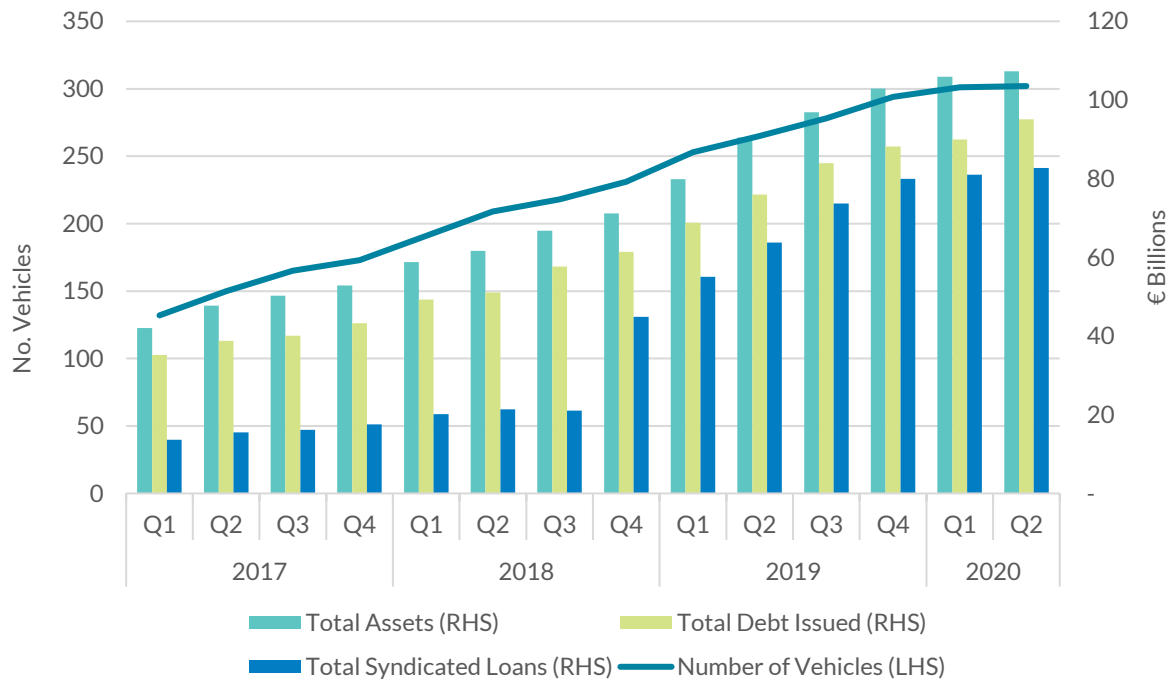


- A notable decrease of 21% in the *Other* category from €132.5bn to €104.4bn during the quarter, means *Collateralised Loan Obligation vehicles (CLOs)* have now surpassed *Other* as the largest activity type by asset value². This was primarily due to the de-registration of a large state-sponsored resolution vehicle which is no longer dependent on private funding and so no longer meets the definition of an FVC.
- *CLOs* continued their upward trajectory with a modest 1.3%, or €1.4bn, increase in the value of assets in Q2. Details on this sector are provided in Chart 3.

² The *Other* category covers a broad range of activity types such as resolution vehicles, reinsurance vehicles, hybrid securitisations whereby both traditional and synthetic methods are used to transfer credit risk, and retained securitisation.



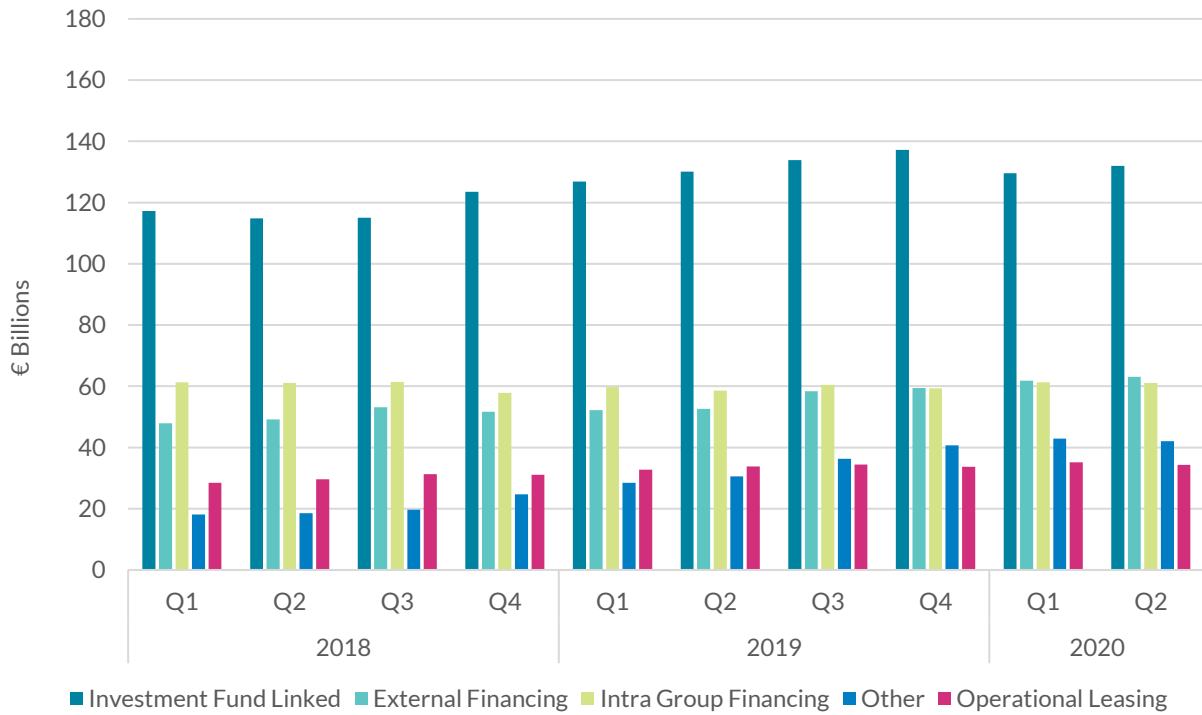
Chart 3: CLO Total Assets, Debt Securities Issued, Syndicated Loans
€Bn (RHS), and number of vehicles (LHS)



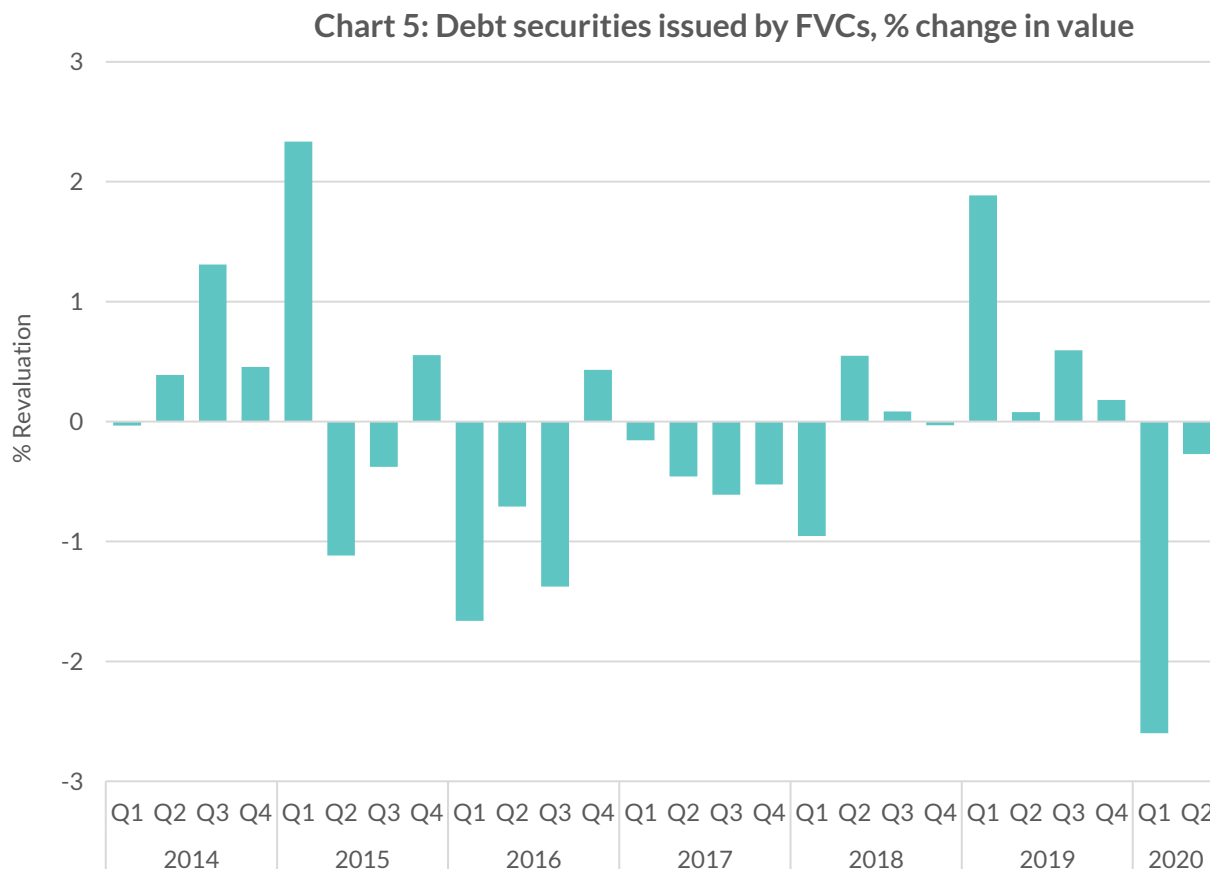
- *Collateralised loan obligation vehicles (CLOs)* closed the quarter with total assets of €107bn. Net issuances of debt securities amounted to €5.4bn over the quarter. The majority of new issuance was by new vehicles exiting their warehousing stage (€5.2bn).
- Following a turbulent Q1, which saw a €3.1bn negative revaluation for syndicated loans held by CLOs, there was a return to stability this quarter with a modest €0.3bn positive revaluation.



Chart 4: Top 5 Other SPE Activity Types (Total Assets)



- While total assets of Other SPEs were largely flat for the quarter, *Investment Fund Linked* vehicles experienced a modest increase of €2.4bn in total assets in Q2, rising to €131.9bn. This vehicle activity type now represents 31% of the entire sector, down from its high of 36% in Q2 2019.
- *Operational Leasing* assets showed resilience in Q2, falling by 2% to €34bn, despite turmoil in the sector. This sector is mostly comprised of aircraft leasing vehicles, which would be considered vulnerable in the current crisis. Nonetheless, the potential effects of the current crisis is not immediately observable, possibly reflecting timing and the fact that this sector only uses market data in aircraft valuation on an annual or biannual basis.



- Debt securities issued by Financial Vehicle Corporations saw a modest revaluation of -0.3% during the quarter. Following the largest negative revaluation on record in Q1 (-2.6%), this could be considered to represent a return to normality given the unforeseen events in the first half of the year. However, it is possible that the impact of COVID-19 on FVC issued debt is yet to be fully realised.
- There were some extreme valuation adjustments in the quarter at an individual security level, but these were concentrated in the higher risk equity tranches and other junior tranches.

Statistical Release – Special Purpose Entities Statistics

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 SPE 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 SPE in an orphan vehicle structure.

Further information

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