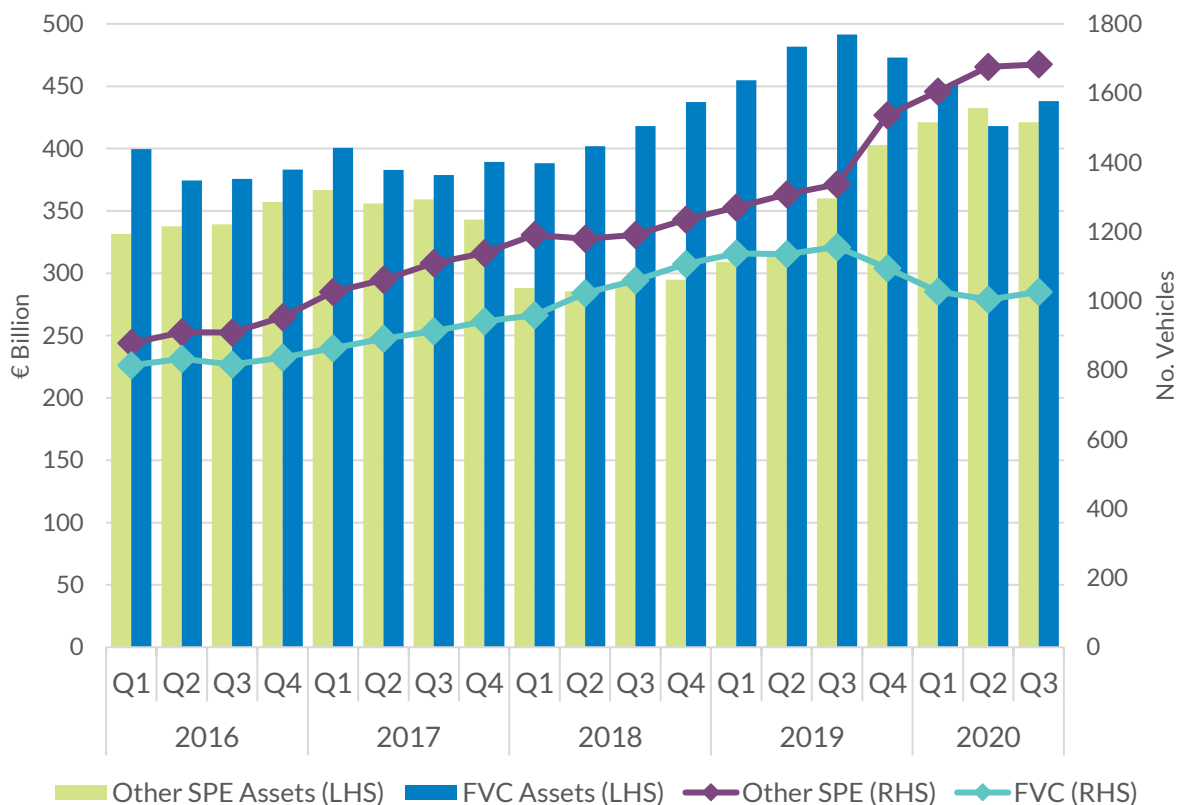




Chart 1: Total Assets and Number of SPEs

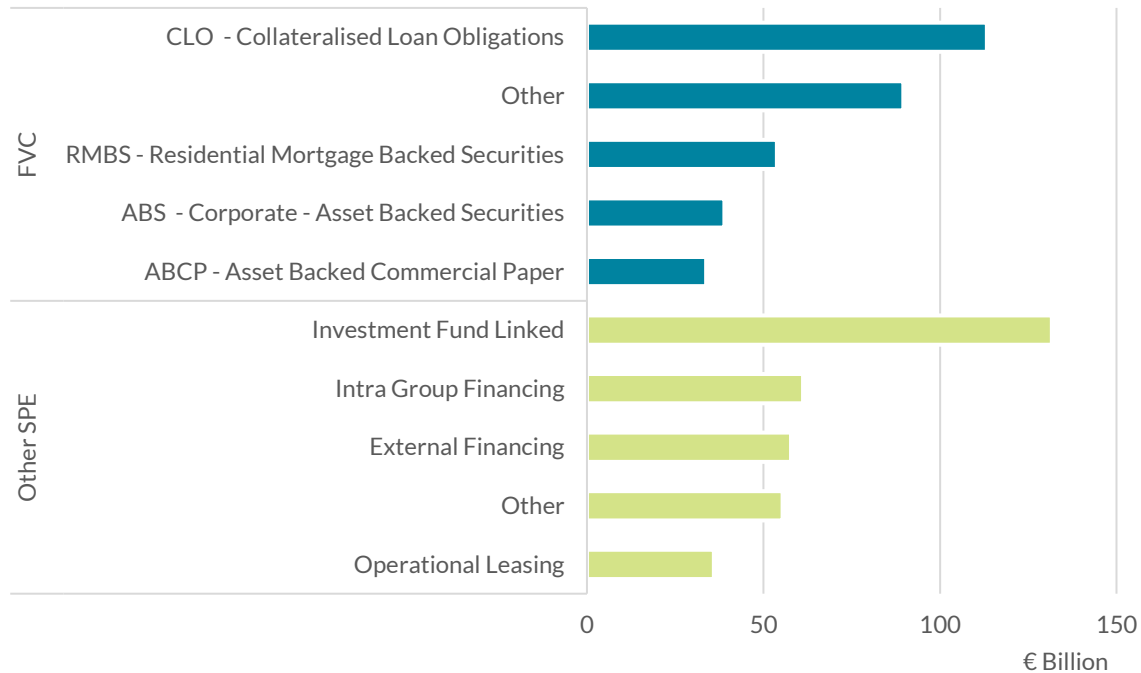


- **Total assets of Irish-resident Special Purpose Entities (SPEs) grew by €8.8bn to €859.2bn in Q3 2020<sup>1</sup>.** The number of SPEs rose by 29 to 2,709.
- **This increase was driven by Irish-resident Securitisation SPEs, or Financial Vehicle Corporations (FVCs), whose total assets increased by €20.1bn, to €438bn.** This is primarily due to cross-border debt issuance by vehicles with euro area bank sponsors.
- **Other SPEs experienced a fall of €11.3bn in total assets, bringing the total to €421.1bn in Q3 2020.** This is the largest decrease in total assets experienced by Other SPEs since Q1 2018. Bank-linked vehicles saw the largest decrease in assets (€6.8bn), while external financing assets decreased by €3.3bn.

<sup>1</sup> Definition of a SPE, a FVC, other SPEs and a sponsor can be found on page 4, in Notes.



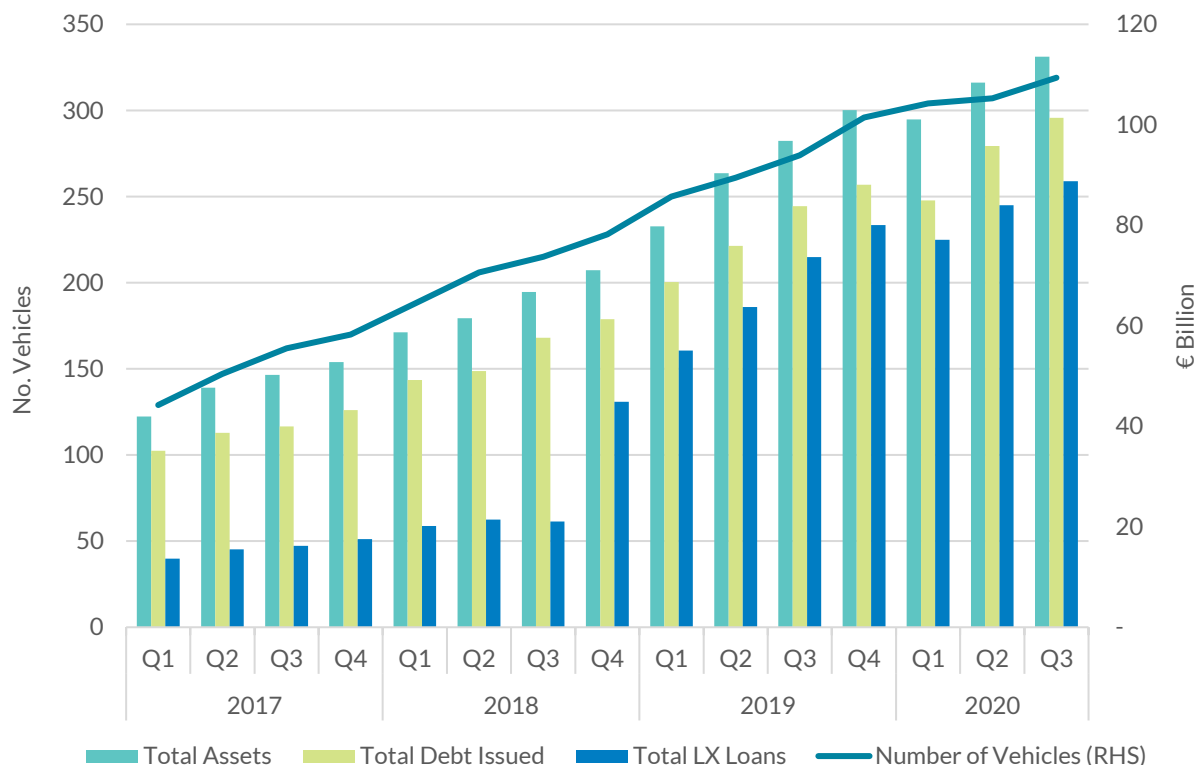
### Chart 2: Top 5 SPE Activity Types - Q3 2020 (Total Assets)



- Entities issuing asset backed securities were responsible for much of the growth in FVC assets this quarter. Italian bank sponsored entities issued €13.2bn of new securities backed by corporate loans, while Greek bank sponsored entities issued €9.6bn of securities backed by consumer loans. This is part of an underlying trend of SPEs holding loans originated by euro area banks, which has seen such holdings rise to €83.9bn, from €23bn in Q3 2018.
- With respect to Other SPEs, operational leasing assets have not declined as might be expected given pandemic-related pressures in the aviation sector. Total assets fell by a further 5%, to €35.9bn in Q3 2020, spread across most entities in the sector, which is mostly composed of aircraft leasing vehicles. Valuations may reflect delays in timing and the use of market data in aircraft valuation on an annual or biannual basis.
- The recovery in the value of debt securities issued by FVCs did not continue in Q3, with securities seeing only a small positive revaluation of 0.2%. Following the largest negative revaluation on record in Q1 (-2.9%), securities issued experienced a positive revaluation of 1.6% in Q2.



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



- Collateralised loan obligation vehicles (CLOs) closed the quarter with total assets of €114bn. The growth in the number of CLOs continued, increasing to 319 by quarter-end. Net issuances of debt securities amounted to €5.6bn over the quarter.
- CLOs are one of the few asset class to have not fully recovered their end-Q4 2019 valuations. Following a turbulent Q1, which saw a €7.5bn negative revaluation for syndicated loans held by CLOs, the recovery has persisted with positive revaluations of €4.7bn in Q2 and a more modest €0.9bn in Q3.

## 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](mailto:media@centralbank.ie) or (01) 224 6299.