



EUROPEAN CENTRAL BANK

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## PRESS RELEASE

# EURO AREA FINANCIAL VEHICLE CORPORATIONS STATISTICS FOURTH QUARTER 2014

In the fourth quarter of 2014, net acquisitions of loans by euro area financial vehicle corporations (FVCs) engaged in securitisation amounted to €1 billion. Over the same period, net issuances of debt securities by euro area FVCs totalled €4 billion.

### Selected balance sheet items of financial vehicle corporations

(EUR billions and annual growth rates; not seasonally adjusted; amounts outstanding at the end of the quarter, transactions during the quarter)

	2013	2014			
	Q4	Q1	Q2	Q3	Q4
<u>Securitised loans held by FVCs</u>					
Amount outstanding	1,292	1,255	1,248	1,232	1,231
Transactions <sup>1</sup>	-35	-28	0	-18	1
Annual percentage change	-7.1	-7.3	-6.3	-6.2	-3.5
<u>Debt securities issued</u>					
Amount outstanding	1,542	1,478	1,474	1,452	1,461
Transactions <sup>1</sup>	-40	-44	-4	-25	4
Annual percentage change	-7.2	-8.1	-7.5	-7.2	-4.5

Source: ECB.

<sup>1</sup> Financial transactions are defined as the net acquisition of financial assets or the net incurrence of liabilities. Transactions take the value at which assets are acquired/disposed of or liabilities are issued, redeemed, liquidated or exchanged. This includes the repayment of principal by borrowers on securitised loans or to holders of debt securities issued. Changes in outstanding amounts may be due to transactions, revaluations of securities, write-offs/write-downs of loans and exchange rate effects.

### Holdings of securitised loans

The amount outstanding of **securitised loans** – which account for most of the assets of euro area FVCs – decreased slightly to €1,231 billion at the end of the fourth quarter of 2014, from €1,232 billion at the end of the previous quarter. Transactions in securitised loans amounted to €1 billion in the fourth quarter of 2014. Transactions of **securitised loans originated by euro area monetary financial institutions (MFIs)** were negligible during the quarter.

Turning to the **borrowing sector of the loans originated by euro area MFIs**, securitised loans to **households** stood at €730 billion at the end of the fourth quarter of 2014, with transactions of

minus €3 billion. Loans to **non-financial corporations** which were originated by euro area MFIs totalled €189 billion, with transactions of €1 billion.

### Holdings of debt securities

Euro area FVCs' **holdings of debt securities** totalled €172 billion at the end of the fourth quarter of 2014, while transactions were negligible during the quarter. Holdings of debt securities **issued by other euro area FVCs** amounted to €39 billion. The latter include "re-securitisations", in which debt securities issued by euro area FVCs are held within the sector and may back new securitisations.

### Debt securities issued

Regarding the liabilities of euro area FVCs, issuance of debt securities is the predominant funding source. The amount outstanding of **debt securities issued by FVCs** increased to €1,461 billion at the end of the fourth quarter of 2014, from €1,452 billion at the end of the previous quarter. Over the same period, transactions amounted to a net issuance of €4 billion. The annual growth rate of debt securities issued, calculated on the basis of transactions, was -4.5% in the fourth quarter of 2014. This compares with a growth rate of -7.2% in the previous quarter.

#### Notes

- Euro area-wide reporting under [Regulation ECB/2013/40](#) of 18 October 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions commenced with respect to the reference period of the fourth quarter of 2014. This Regulation implements the European System of Accounts 2010 for Financial Vehicle Corporations statistics.
- Securitisation is a transaction whereby an asset or a pool of assets, often consisting of mortgage loans, consumer loans or loans to non-financial corporations, is transferred from an originator (usually a credit institution) to an FVC. The FVC converts these assets into marketable securities by issuing debt instruments (sold to the public or on the basis of private placements), with the principal and interest being serviced through the cash flows generated by the asset or asset pool.
- The latest data on FVCs and on the securitisation transactions of MFIs can be downloaded from the ECB's Statistical Data Warehouse: [Financial Vehicle Corporations](#) and [MFI balance sheets](#). More details on these statistics are available in the "Statistics" section of the ECB's website under [Euro area financial vehicle corporations](#).

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**Table 1. Assets and liabilities of euro area financial vehicle corporations<sup>1)</sup>**

(EUR billions and annual percentage changes, not seasonally adjusted; outstanding amounts at end of period; transactions during the period)

	END QUARTER LEVEL	QUARTERLY TRANSACTIONS			ANNUAL PERCENTAGE CHANGE <sup>2)</sup>		
	Q4 2014	Q2 2014	Q3 2014	Q4 2014	Q2 2014	Q3 2014	Q4 2014
<b>Assets</b>							
Deposits and loan claims <sup>3)</sup>	238	-16	-5	1	-16.3	-16.0	-12.0
Securitised loans	1,231	0	-18	1	-6.3	-6.2	-3.5
Originated by euro area MFIs	964	3	-13	0	-5.3	-5.7	-3.7
Remaining on the MFIs' balance sheet <sup>4)</sup>	428	-	-	-	-	-	-
By borrowing sector							
To euro area households	730	3	-8	-3	-3.5	-4.3	-3.1
To euro area non-financial corporations	189	0	-4	1	-12.8	-11.0	-6.0
To other euro area residents	26	0	-2	1	1.2	-11.3	-7.4
To non-euro area residents	19	1	0	2	1.4	-1.1	1.3
Originated by euro area general government	0	0	0	0	-	-	-
Originated by euro area financial corporations other than MFIs	162	5	0	0	-6.8	-4.1	2.9
Originated by euro area non-financial corporations	18	-1	-1	0	-27.1	-15.2	-14.9
Originated by non-euro area residents	88	-6	-4	-1	-10.7	-12.4	-12.5
Debt securities held <sup>5)</sup>	172	2	1	0	-5.8	1.0	1.1
Issued by euro area FVCs	39	4	-2	0	12.7	8.1	1.3
Other securitised assets <sup>6)</sup>	100	1	-3	1	0.0	-1.7	-2.9
Originated by euro area general government	53	0	0	0	-0.2	-0.2	-0.5
Originated by euro area non-financial corporations	23	1	-1	-1	-1.1	-1.1	-14.1
Equity and investment fund shares/units	47	-2	0	2	1.6	1.2	1.2
Issued by euro area FVCs <sup>7)</sup>	12	-2	0	-1	-30.6	-27.1	-31.3
Other assets <sup>8)</sup>	61	-3	-2	-4	-3.9	-9.2	-10.5
<b>Liabilities</b>							
Loans and deposits received <sup>9)</sup>	122	-14	0	-4	-19.6	-16.9	-15.6
From euro area FVCs	31	-10	-1	-2	-32.9	-36.5	-37.4
Debt securities issued	1,461	-4	-25	4	-7.5	-7.2	-4.5
Up to 2 years	83	-3	-3	3	-4.4	-7.6	-12.1
Over 2 years	1,378	-1	-22	2	-7.6	-7.1	-4.1
Capital and reserves	23	-1	0	-5	-4.0	-1.1	-21.3
Other liabilities <sup>10)</sup>	243	2	-1	3	2.9	2.2	3.7
<b>Total</b>	<b>1,849</b>	<b>-17</b>	<b>-26</b>	<b>-2</b>	<b>-7.2</b>	<b>-6.7</b>	<b>-4.6</b>

Source: ECB.

1) Securitisation generally involves the transfer of an asset or pool of assets to a financial vehicle corporation (FVC), which are reported on its balance sheet as securitised loans, holdings of debt securities, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or similar for some mechanisms. In this case, collateral held by the FVC against these exposures is typically a deposit with an MFI or invested in debt securities. Inter-FVC positions and transactions are reported items as securitisation structures may involve multiple vehicles.

2) Annual percentage changes are calculated on the basis of transactions.

3) Consists of funds lent by FVCs to borrowers, including: (i) deposits placed with MFIs; (ii) loans granted to FVCs; (iii) claims under reverse repos or securities borrowing against cash collateral. It also includes securitisation of non-negotiable securities backed by the loan portfolio of MFIs.

4) Refers to loans (to non-MFIs) securitised through euro area FVCs which still remain on the MFI balance sheet, i.e. have not been derecognised. Derecognition of loans from the balance sheet of the MFI depends on the application of the relevant accounting rules.

5) Holdings of debt securities, which are negotiable and usually traded on secondary markets. Holdings of debt securities issued by other euro area FVCs mainly comprise re-securitisations, i.e. securitisations of asset backed securities.

6) Includes securitised assets other than loans and debt securities, such as trade and tax receivables.

7) Refers to holdings of securitisation fund units issued by euro area FVCs.

8) Includes: (i) financial derivatives (e.g. options, warrants, futures, credit default swaps) subject to on-balance-sheet recording according to national rules; (ii) fixed assets; and (iii) accrued interest on deposits and loans, securities other than shares and accrued rent on fixed assets.

9) Includes the amounts owed to creditors by FVCs and consists of: (i) loans granted to the reporting FVCs; (ii) non-negotiable debt instruments issued by FVCs; and (iii) repos.

10) Includes: (i) where applicable, any differences between the nominal amount of principal outstanding of securitised loans and the transaction value paid by the FVC in purchasing such loans; (ii) financial derivatives liabilities (e.g. options, warrants, futures, credit default swaps) subject to on-balance-sheet recording according to national rules; and (iii) accrued interest payable on loans and deposits and other amounts payable not related to the FVC's main business.