

Brussels, 31 August 2021

## **Leaseurope comments to the EBA Discussion Paper on its review of the NPL transaction data templates**

Leaseurope, the voice of leasing and automotive rental at European level, welcomes the opportunity to comment on the EBA discussion paper on its review of the NPL transaction data templates. We fully support the EBA's efforts to improve the NPLs data templates. We are in favour of revising the existing NPLs data templates to make them more user-friendly, less complex, and proportionate so that the NPL data templates strike the right balance between the cost of information provided and the ability of users of the data to effectively price the potential transaction.

### **Specific comments on the EBA Discussion Paper**

We agree with the proposed asset class breakdown proposed on pages 35 to 37 of the discussion paper, however we would suggest a number of amendments to better define within the characteristics the specific nature of leasing.

#### **Leaseurope proposed amendments:**

##### **a. Residential Real Estate loans or leases – indicative characteristics are:**

- i. Loans or leases granted to private individuals to purchase or refinance or lease immovable property used as a residence; and
- ii. Secured by the immovable property an individual uses as their residence; and,
- iii. Where the purchased or refinanced or leased immovable property, which does not generate rental revenues and is either:
  - The primary residence to the owner; or,
  - Is a residential investment property that includes holiday homes and second homes; or,
  - Where the Loan is to finance the development of immovable property, as defined in one of the bullet points above.

##### **b. Commercial Real Estate loans or leases – indicative characteristics are:**

- i. Loans or leases granted to a Corporate to purchase or refinance or lease commercial immovable property; and

- ii. Secured by the commercial immovable property; and
- iii. Where the purchased or refinanced **or leased** property is either:
  - Commercial immovable properties; or,
  - Residential immovable properties that are then rented out and that are secured by the residential immovable properties being purchased **or leased** and are therefore used for the development of a commercial immovable property. This includes buy-to-let schemes.

.

.

.

**e. Leasing / Asset Backed Finance (ABF) loans – indicative characteristics are:**

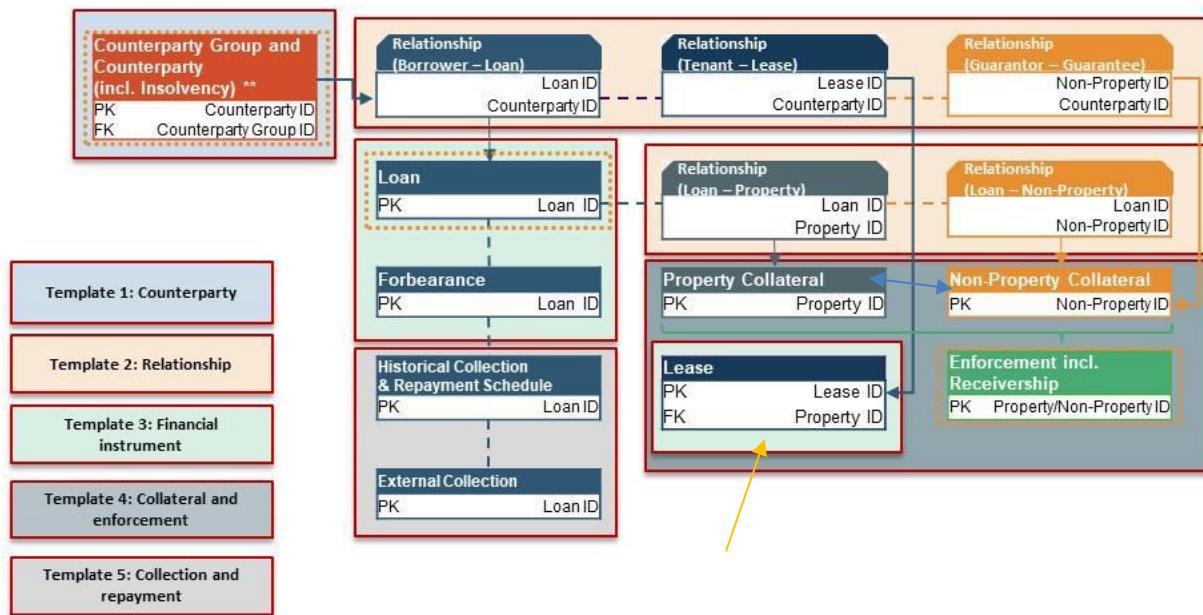
- i. Loans **or leases** granted to corporates or **private individuals** to purchase **or lease** Non-Property Collateral (i.e. movable **or immaterial assets**) that are secured by the **movable** Non-Property Collateral being purchased **or leased**.
- ii. Such Loans **or leases** include those for Asset Backed Finance such as Marine and Aviation.

**f. Auto loans/ leases – indicative characteristics are:**

- i. Loans **or leases** granted to **corporates or private individuals** for the purchase, **lease** or refinance of motor vehicles that are secured by the motor vehicles being purchased **or leased**.

**Leaseurope observations:**

In the EBA discussion paper, on page 15 in figure 4, the proposed revised data structure is presented, followed by a question.



### EBA Question 1:

**1. Do you agree with the proposed data structure and the relationship between templates? If not, please provide explanation.**

We think that the link between Template 2 (Relationships) and Template 4 (collateral and Enforcement) regarding leasing (ID) is not complete.

The proposed figure 4 shows “FK - Property ID” (see the orange arrow in the table above) as the only non-primary key in the Lease-box. However, leases **also includes non-property items** like machinery, so it would be more accurate to add “FK - Non-property Collateral” to this box.

In addition, the link from Template 2 to Template 4 could be (see the blue arrow in the table above) linked to the existing link from Template 2 to Template 4.

### Second observation

Annex III of the EBA Discussion Paper indicates the changes to the existing data structure. Below you will find the leasing section.

13,000	Lease	Applicable to all	Lease identifier	Institution's internal identifier for the Lessee	Text	Identifier
13,001	Lease	Applicable to all	Protection identifier	Institution's internal identifier for the Property Collateral	Text	Identifier
13,002	Lease	Private Individual	Rent Coverage Ratio	Ratio to measure how many times over the Private Individual Number	Number	Moderate
13,003	Lease	Applicable to all	Written Formal Lease	Indicator as to whether there is a written formal lease in place Boolean	Boolean	Important
13,004	Lease	Applicable to all	Start Date of Lease	Date that the current lease starts	Date	Important
13,005	Lease	Applicable to all	End Date of Lease	Date that the current lease ends	Date	Important
13,006	Lease	Applicable to all	Lease Break Option	Details of lease break clause	Text	Important
13,007	Lease	Applicable to all	Type of Lease Break Option	Type of lease break option, e.g. Tenant Unilateral, Landlord Choice	Choice	Important
13,008	Lease	Applicable to all	Currency of Lease	Currency that the lease is expressed in	Text	Important
13,009	Lease	Applicable to all	Type of Lease	Type of the lease agreement with the Counterparty, e.g. Tri Choice	Choice	Important
13,010	Lease	Applicable to all	Current Annual Passing Rent	Current annual rent paid by the Counterparty based on the Number	Number	Important
13,011	Lease	Applicable to all	Rent in Past-Due	Amount of rent in past-due as at cut-off date	Number	Important
13,012	Lease	Applicable to all	Status of Lease Payment	Current status of the lease payment as at cut-off date, e.g. Choice	Choice	Important
13,013	Lease	Applicable to all	Last Rent Review Date	Date that the last rent review event happened	Date	Important
13,014	Lease	Applicable to all	Next Rent Review Date	Date that the next rent review event will happen	Date	Important
13,015	Lease	Applicable to all	Rent Review Structure	Structure stated in the lease on rent reviews, e.g. the rent i	Text	Important
13,016	Lease	Applicable to all	Rent Review Interval	Number of months between two rent review events	Number	Moderate
13,017	Lease	Applicable to all	Deposit Amount	Amount of deposit paid by the Counterparty	Number	Moderate
13,018	Lease	Applicable to all	Currency of Deposit	Currency that the deposit paid by the Counterparty is expressed in	Text	Important

In line with our previous observation indicating Property Collateral in the data structure, **item 13.001 refers to Property Collateral**. We propose to add a link to Non-property Collateral by including an additional item to category 13 Lease.

We suggest the following item: **13,019 ; Lease ; Applicable to all ; Protection identifier ; Institutions internal identifier for the NON-PROPERTY Collateral ; Text ; Identifier ; ...**

It is very important to recognise the distinction between loans and leases in the data structure of the NPLs data templates.

### Contact Person:

Rafael Alarcón Abeti  
 Chief Adviser, Prudential & Capital Markets  
 Leaseurope  
 +3227780569  
[r.alarconabeti@leaseurope.org](mailto:r.alarconabeti@leaseurope.org)

## About us

Leaseurope brings together 46 member associations representing the leasing, long term and/or short term automotive rental industries in the 32 European countries in which they are present. The scope of products covered by Leaseurope members' ranges from hire purchase and finance leases to operating leases of all asset categories (automotive, equipment, machinery, ICT and real estate). It also includes the short term rental of cars, vans and trucks. It is estimated that Leaseurope represents over 90% of the European leasing market.

Asset finance and leasing markets have developed to respond to business investment and consumption needs as well as to accompany the development of local industrial production and distribution. The types of institutions represented by the Federation include specialised banks, bank-owned subsidiaries, the financing arms of manufacturers as well as other, independently-owned institutions.

In 2019, the leasing firms represented through **Leaseurope's membership helped European businesses and other customers invest in assets that is estimated worth more than 407 billion EUR, reaching about 919 billion EUR** of outstandings at the end of the year<sup>1]</sup>. Leasing is used by more European SMEs than any individual category of traditional bank lending taken altogether (around 43% of all European SMEs make use of leasing which is more than any other individual form of lending)<sup>2</sup> and is also popular amongst larger corporates<sup>3</sup>. Leasing is also useful to support the public sector (e.g. leasing to schools, hospitals, etc.).

**Leaseurope is entered into the European Transparency Register of Interest Representatives with ID n° 430010622057-05**

<sup>1</sup> Leaseurope 2019 Annual Statistical Enquiry.

<sup>2</sup> Oxford Economics, *The Use of Leasing Amongst European SMEs*, 2015; European Investment Fund, *The importance of leasing for SME finance*, 2012

<sup>3</sup> European Commission, Survey on the Access to Finance of Enterprises-Apr. – Oct. 2019